

Target and Rating Changes

Precious Metals: Gold enters a new era — Re-working our coverage as we assist clients navigating a post-pandemic world

Company Comments

CES Energy Solutions (CEU-TSX); BUY, C\$1.50 — Suspending dividend

Gear Energy (GXE-TSX); REDUCE, C\$0.10 — Announces production curtailments

Tricon Capital Group (TCN-TSX); BUY, C\$14.25 — FLASH: Positive COVID-19 operations update

Sector Comments

Energy Infrastructure Estimates

Energy Services Estimates

Oil & Gas — 1Q20e Preview – Large, Intermediate, Mid, Small & Micro Cap E&P

Oil & Gas — Market & Commodity Prices

Yesterday's Mid-day Comments

No Current Updates

Precious Metals – Gold enters a new era

April 17, 2020

Re-working our gold coverage as we assist clients navigating a post-pandemic world

Gold market signals potentially perfect storm: Following a decade of stubbornly low inflation, central banks have had to get creative and aggressive to counteract the pandemic shock. Unprecedented liquidity and fiscal measures dwarf the '08 GFC. At the very least, gold's profile has been raised with the broader generalist investor community and is no longer a "barbarous relic". We believe a >\$1,900/oz target is on the table in 2020 and we are formally moving our LT target to \$1,650/oz from \$1,500/oz.

Operations reeling from COVID but costs flat: Despite receiving "essential service" classification in some geographies, many mines have been shut down and various degrees of supply chain and employee layoffs are short term challenges to our thesis. That being said, two of the largest input costs (energy and labour) are expected to remain low as employment rates fall globally (>11% of the working Canadian population has filed for unemployment since March 16), and the oil price hovers around \$20/barrel WTI (fuel accounts for ~7% of total opex). Further, utilities (>6% of opex) are asked by governments to lower pricing, mobile equipment goes on sale. Currency has also been a huge driver (CAD/AUD both down >7% YTD vs USD). As a result, we expect producer margin expansion may ensure gold equities are first out the gates on the other end of the pandemic.

Royalties looking especially interesting: A multi-year window of capital deployment may be opening for the royalties as the Au:Cu ratio continues to outperform (up 32% YTD). The royalty companies' cost of capital remains low and most have excess firepower to execute on new deals. Conversely, the base metal producers have suffered severe balance sheet deterioration and are likely to turn to non-conventional sources of capital – an opportunity for the Royalty Cos to add material long-life streams.

Introducing our new coverage organization: With the addition of Tyron Breytenbach to the Mining Research Team, coverage will be split as follows (see page 2 for full list of equity coverage changes):

>**Ingrid Rico:** Started her career as a geotechnical mining engineer before turning to the capital markets. Ingrid will focus on the senior/intermediate producers and the royalties. **Best Ideas: Kinross, Yamana, B2Gold, Dundee Precious and Wheaton PM.**

>**Ian Parkinson:** Following a 10-year career with Falconbridge/Noranda, Ian has split his research coverage between base and precious metals. His precious metals focus will bridge explorer, developers and mid cap producers. **Best Ideas: Kirkland Lake, Torex and Orla.**

>**Tyron Breytenbach:** As a former industry geologist, Tyron will focus on the junior exploration and development stocks with a few select producers under coverage. **Best Ideas: Troilus, K92 Mining, Roxgold, Rubicon, Great Bear and O3.**

Synopsis:

- Stifel GMP believes gold has entered a new era following the unprecedented market shock, triggered by the COVID-19 pandemic which is likely to drive investor/fiscal and societal behaviour for years to come.
- Gold (especially in EM currencies) has been a rare strong performer through the turbulence.
- The question is whether operations and supply chains have been disrupted enough to offset our base bullish case for the equities. While some geographies have been harder hit, we see a lot of earnings and FCF growth despite the operational restoration period that is needed.
- Valuations (on a spot P/NAV basis) were already at record lows heading into the pandemic. We believe we may be seeing a once in a career opportunity in the golds which were already tightening their belts and rebuilding balance sheets into the broader market malaise.
- Gold's profile has been raised with the generalist investor community.

All figures in USD unless stated (0.71:1 FX rate)

Ian Parkinson iparkinson@stifel.com	(416) 943-6639
Ingrid Rico irico@stifel.com	(416) 941-0808
Tyron Breytenbach, P.Geo. tbreytenbach@stifel.com	(416) 941-6781
Stephen Soock, P.Eng, CFA ssoock@stifel.com	(416) 941-0186
Cole McGill cmcgill@stifel.com	(416) 943-6631

Prepared by Stifel Nicolaus Canada Inc.

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications appear on the last three pages of this report.

Figure 1. Coverage changes

<i>New Initiations</i>				
<u>Company</u>	<u>Ticker</u>	<u>Rating</u>	<u>Target</u>	<u>Covering Analyst</u>
Aurion Resources	AU-TSXV	Spec Buy	C\$3.50	Tyron Breytenbach
Equinox Gold	EQX-TSX	BUY	C\$19.00	Ian Parkinson
Gold Standard Ventures	GSV-TSXV	Spec Buy	C\$2.50	Tyron Breytenbach
Great Bear Resources	GBR-TSXV	Spec Buy	C\$11.00	Tyron Breytenbach
GT Gold Corp	GTT-TSXV	BUY	C\$2.90	Tyron Breytenbach
Liberty Gold	LGD-TSX	BUY	C\$3.30	Tyron Breytenbach
O3 Mining	OIII-TSXV	BUY	C\$4.90	Tyron Breytenbach
Osino Resources	OSI-TSXV	Spec Buy	C\$1.85	Tyron Breytenbach
Premier Gold	PG-TSX	BUY	C\$4.10	Tyron Breytenbach
Roxgold Inc.	ROXG-TSX	BUY	C\$2.50	Tyron Breytenbach
Rubicon Minerals	RMX-TSX	BUY	C\$2.90	Tyron Breytenbach
<i>Coverage Transfer</i>				
<u>Company</u>	<u>Ticker</u>	<u>New Rating</u>	<u>New Target</u>	<u>Covering Analyst</u>
Bluestone Resources	BSR-TSXV	BUY	C\$4.00	Tyron Breytenbach
K92 Mining	KNT-TSXV	BUY	C\$6.00	Tyron Breytenbach
Troilus Gold	TLG-TSX	BUY	C\$3.40	Tyron Breytenbach
Americas Gold and Silver	USA-TSX	BUY	C\$5.50	Stephen Sock
Kinross Gold	K-TSX	BUY	C\$11.00	Ingrid Rico
IAMGOLD	IMG-TSX	HOLD	C\$5.75	Ingrid Rico
Alacer Gold	ASR-TSX	BUY	C\$7.75	Ian Parkinson

Source: Stifel GMP

Despite early liquidity event, gold did its job during unprecedented pandemic

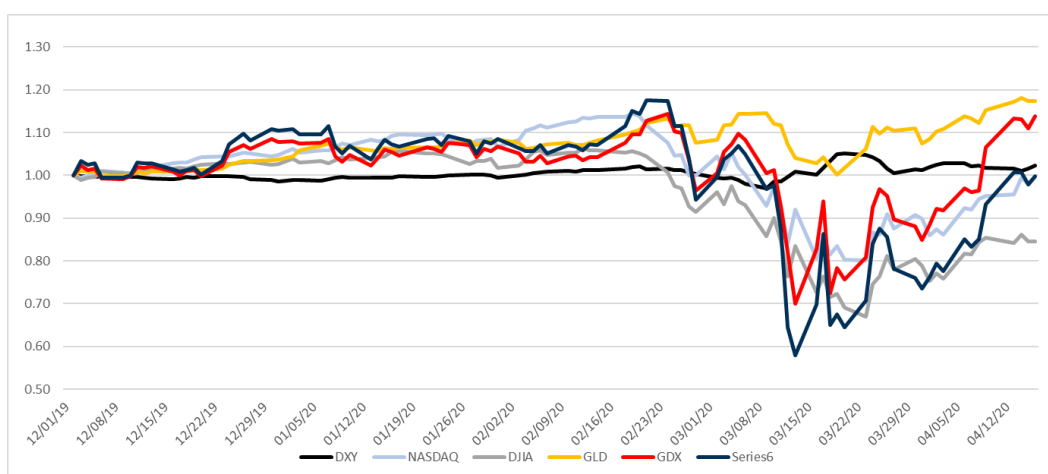
At exit Q1/20, gold was up 3.95% for the year, a dramatic and potentially portfolio saving outperformance (vs S&P 500 down almost 20%). We also flag that during the 2008 GFC, gold initially served as a source of liquidity (exacerbated by margin calls) and cratered with every other financial instrument but post-QE the metal was a market darling. We see multiple parallels here as the central bank actions are even more heavy-handed this time around and the starting point for interest rates already low. While the US measures to date are relatively in line in magnitude to the 2008 QE program, this shock was felt globally and central banks across the world are piling on. The pace of printing is also much faster than in 2008 and based on the post-GFC gold rally we expect gold would need to top \$1,900/oz to reprice and reflect the new money printing.

Figure 2. Table of 2020 central bank actions during pandemic outpace '08 measures

Country	Rate cut	Monetary stimulus	Fiscal stimulus
USA	1.50%	>\$2T	>\$2T
Australia	0.50%	>\$50bn	>\$65bn
China	>0.1%	>\$200bn	-
ECB	-	>\$900bn	-
Canada	1.0%	>\$200bn	>\$7bn

Source: Bloomberg

Figure 3. GLD vs other asset classes – performance since start of pandemic (Dec'19)



Source: FactSet

Gold ETF inflows remain strong

ETF inflows continue to touch all-time highs and news of physical shortages further support our thesis. While some of those shortages are related to COVID-driven refinery shutdowns and transport bottlenecks, it may be the canary in the coal mine.

The investor-driven ETFs complement already strong commercial interest and we have noted a change in tone in the mainstream media on the commodity.

Figure 4. All gold ETFs hit all-time high

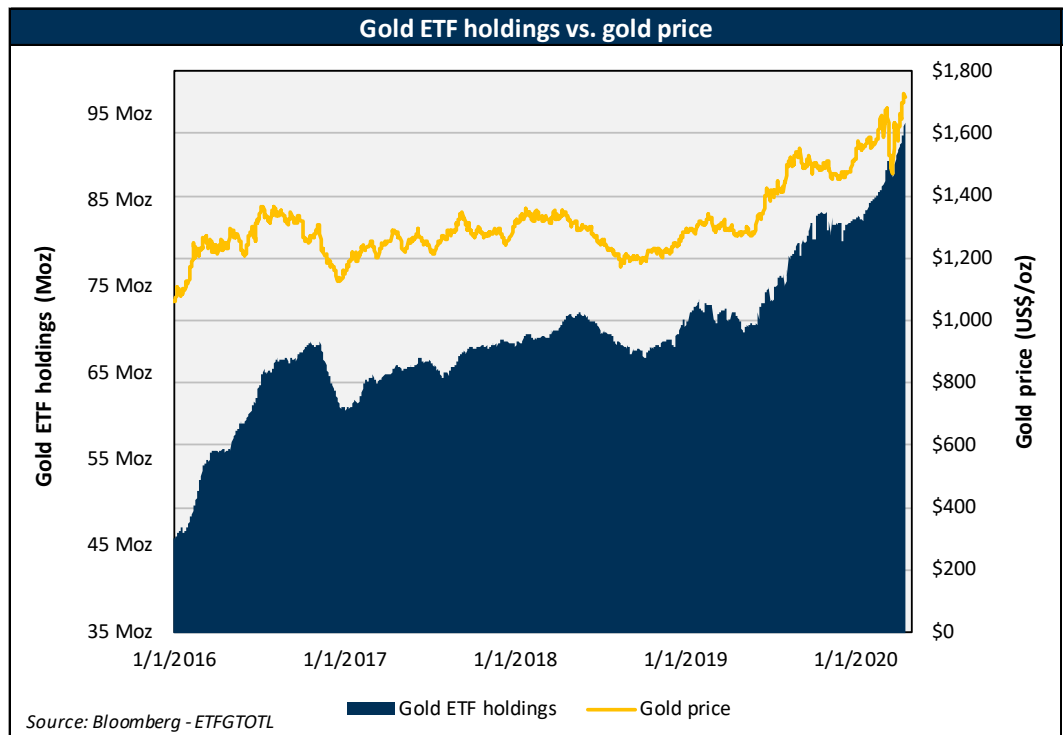
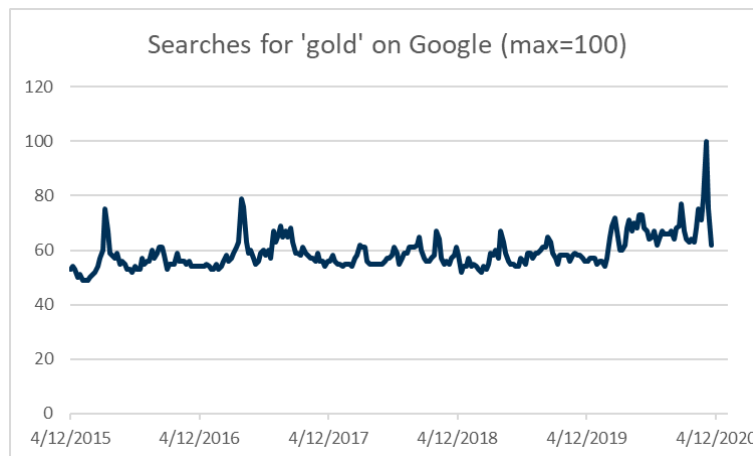


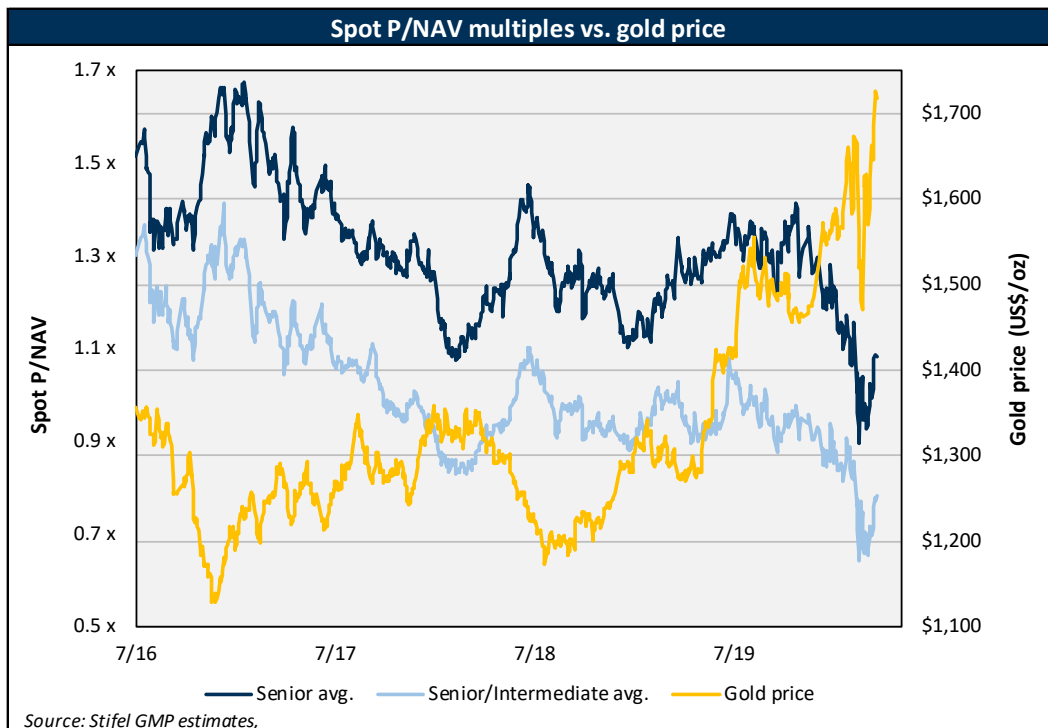
Figure 5. Google searches for “gold” spike in March 2020



Headed into COVID, gold miners already running lean

- While the rest of the market was enjoying a glorious bull market, the gold miners have spent the bulk of the last decade cleaning up their act. Recall that since the 2013 sell-off in gold, the seniors have taken epic write-offs (>combined total in the 10's of billions of dollars), turned over management teams and cut expansion efforts and exploration in favour of FCF and debt reduction. Barrick has been a poster child for this effort (slashing debt from \$13BB in 2015 to <\$6 BB today).
- Despite this renewed focus on capital allocation and prudence, the gold stocks are trading at multi-year lows on an adjusted Spot P/NAV basis (mid-cap golds were at <0.7s spot NAV headed into COVID, a 5-year low) and that was the case before we entered into the pandemic (Figure 6).
- In summary: We believe that while the rest of the market was a wash in low cost capital, the gold miners have been forced to lean up and the best producers are now poised to benefit perhaps as much/more than any sector coming out of the COVID pandemic as costs are likely to remain low and gold has built a new multi-year base >\$1,350/oz.
- We note that the two best performing equities in the S&P 500 at the time of writing are the biotech firm (Regeneron Pharmaceuticals) that has a potential cure for COVID-19 and the second was Newmont Mining (NEM-NYSE; not covered). Generalist investors appear to be taking note of the new normal.

Figure 6. Spot P/NAVs already at multi-year lows pre-COVID



Operator soundbites about this fluid situation

We have seen a flurry of press releases from the issuers, discussing emergency measures taken to either maintain production or in cases where the risk is deemed too high or government shutdowns are mandated, place assets on care and maintenance. Some issuer commentary from formal press releases and verbatim conversations are shared below. The most common themes are:

- *Draw on all available existing credit and dial-in a budget to preserve cash where possible. Despite the federal interest rate cuts there is obviously a view that credit availability is at risk.*
- *Either shut down production totally or focus on only immediate production and delay discretionary development/expansion and exploration.*
- *Extend staff rotations (to essentially self-isolate rotational shifts) and ramp up testing/symptom observation and worker education. Some operators have gone so far as to acquire their own test kits.*
- *Beef up site inventory stockpiles of reagents/fuel, etc.*
- *Pull guidance and expect lower sales.*

Producer soundbites

Kinross (early April): Kinross created a COVID-19 “taskforce” and the company was one of the first miners to immediately shut the head office in mid-March following an employee infection. Building up site stockpiles to three months’ worth of inventory and adjusting employee rotation schedules. Drew down \$750MM of its credit facility. They withdrew guidance and flagged lower sales due to shipment issues with doré/concentrate. CEO hosts “fireside chat” with investors to discuss the situation.

Asanko (mid-March): *“We are all working from home in Vancouver but the mine continues to operate and is firing on all cylinders. It looks like we are going to be able to ramp our exploration in Q2 as planned.”*

K92 Mining (early April): Management saw the writing on the wall in January and organized a few expats to be based/quarantined at site and began to stockpile equipment and supplies and ordered test kits to run their own checks. Mining in PNG is still classified as an essential service and the mine is online for now. Surface drilling is not allowed (non-essential service) but U/G drilling is the major catalyst (expanding Kora at depth) and can continue. K92 is fortunate to have a strong balance sheet and can easily put the asset on care and maintenance for six months and in fact may use this opportunity to dust off the corporate development files as a number of the technical team are working from home with spare capacity. Thus far concentrate shipping and payment processing have been progressing without a hitch.

Pretium (early April): Pretium has reduced site operations to production only (no expansion/exploration) and has removed all staff not deemed critical to the core operation. Rotations are planned to be extended to three weeks (from two weeks) and aggressive symptom analysis and self-isolation will be implemented. A request was submitted to draw the remainder of the credit facility.

Royalty companies

Franco-Nevada (early April): FNV has been in close contact with its partner operators as miners deal with the impact of restrictions and limitations to operate during the COVID-19 pandemic. Its diversified portfolio of 56 producing assets has seen temporarily reduced or curtailed production at 12 assets, including Cobre Panama (which is one of the company's top four revenue-contributing operations). Antamina, Antapaccay and Candelaria continue to perform close to expectations based on recent information provided by the operators. With FNV's team working remotely from home they are also adjusting to the current situation: *"The business development team has also developed work-arounds for various due diligence processes."*

Sandstorm (late March): Pre-emptively on March 19, Sandstorm made the decision to withdraw 2020 guidance ahead of its royalty peers. At such time, SSL had not received any direct notice of closures at any of its partner operator mine sites, but as they indicated, *"We believe it is reasonable to expect that actions taken to reduce the spread of COVID-19 will affect global mining production levels during 2020."* Sandstorm also moved to make its AGM a virtual AGM.

Developers

Rubicon Minerals (late March): *"We obviously have contingency plans and budget scenarios which are in constant evaluation during these times, but because our workforce is small and we're able to shift all the work programs related to the Feasibility Study (our top priority this year) remotely, we are still staying the course with Plan A (+ additional COVID cautionary measures) at this stage while keeping our employees safe. However, should things change (i.e. Ontario government putting more restrictions, increase in COVID cases in Red Lake, etc.), then we can look to curtail some of the drilling at McFinley and Pen Zone (non-essential to the FS), while the FS continues its course remotely. We are fortunate to have a strong cash balance of C\$17M to weather the COVID storm."*

Explorers

Great Bear Resources (late March): *"Have switched to 100% local Red Lake labour to avoid commercial flights. Recognize that budget may need to be less aggressive and dialling in appropriate campaign. Expect to drill year-round as exploration/mining has not been forcibly halted by Ontario yet."*

Grade may be king but balance sheet rules

- We expect the gold stocks to potentially lead a rally when the world finally exits the pandemic. The first order of business however is survival.
- Since we expect all expansion capex and exploration can immediately be viewed as discretionary, we filter for companies that can keep mines running on skeleton staff schedules and who have accumulated a rainy day fund.
- On the junior producer side, we flag **K92** and **Roxgold** as having great balance sheets (both have substantial net cash and are generating FCF in 2020), their mines remain in operation and they have no shortage of organic growth (both targeting >50% production increases based on existing assets) and are very likely index adds.

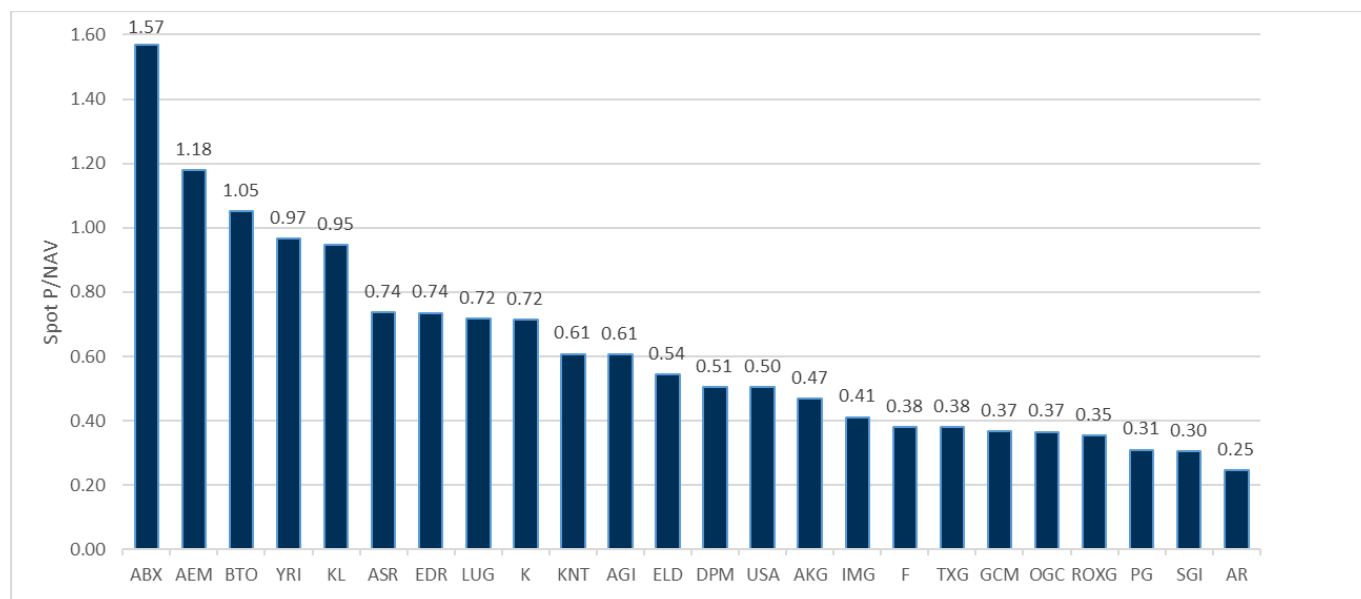
- Among the developers both **O3** and **Liberty Gold** are positioned to deliver drill/discovery catalysts and have no need to come to market near-term with healthy cash balances and expected cash inflows from asset sales (both are funded through 2020). Both also have assets located in safe jurisdictions with attractive access to infrastructure.
- For the senior/intermediate producers, we highlight **Kinross**, **Yamana**, **B2Gold** and **Dundee Precious** for its financial position and less near-term impact due to COVID vs peers.
- **Kirkland Lake** and **Torex** both screen well. Grade from Fosterville and Media Luna respectively, strong free cash flow and a solid balance sheets well positioned to fund their respective growth programs post COVID-19.

Figure 7. Producer balance sheet summary

Company	Ticker	Market Cap	EV	Debt	Cash	Net Debt/ TTM EBITDA	Debt as % of EV
Alamos Gold Inc.	AGI	\$2,668	\$2,431	\$1	\$215	-0.74x	0%
Kirkland Lake Gold Ltd.	KL	\$10,326	\$9,765	\$15	\$707	-0.70x	0%
Asanko Gold, Inc.	AKG	\$208	\$184	\$1	\$31	2.60x	0%
K92 Mining, Inc.	KNT	\$561	\$544	\$14	\$22	-0.15x	3%
Dundee Precious Metals Inc.	DPM	\$779	\$758	\$28	\$23	0.03x	4%
Endeavour Silver Corp.	EDR	\$238	\$226	\$10	\$23	1.82x	4%
B2Gold Corp.	BTO	\$4,794	\$4,875	\$262	\$141	0.19x	5%
Argonaut Gold Inc.	AR	\$179	\$142	\$10	\$39	-0.62x	7%
Fiore Gold Ltd.	F	\$40	\$36	\$4	\$9	-0.58x	10%
Americas Gold and Silver Corp.	USA	\$201	\$153	\$16	\$20	0.40x	10%
Barrick Gold Corporation	ABX	\$43,526	\$45,580	\$5,536	\$3,314	0.37x	12%
Roxgold Inc.	ROXG	\$254	\$302	\$37	\$50	-0.15x	12%
Premier Gold Mines Limited	PG	\$311	\$302	\$38	\$60	1.60x	13%
Agnico Eagle Mines Limited	AEM	\$12,746	\$14,136	\$1,841	\$322	1.49x	13%
Torex Gold Resources Inc.	TXG	\$990	\$970	\$175	\$162	0.04x	18%
Kinross Gold Corporation	K	\$7,694	\$8,930	\$1,892	\$590	0.94x	21%
OceanaGold Corporation	OGC	\$878	\$1,020	\$228	\$183	0.21x	22%
Alacer Gold Corp.	ASR	\$1,352	\$1,572	\$376	\$195	0.72x	24%
Yamana Gold Inc.	YRI	\$4,052	\$4,884	\$1,195	\$472	1.00x	24%
Eldorado Gold Corporation	ELD	\$1,440	\$1,733	\$505	\$178	1.56x	29%
IAMGOLD Corporation	IMG	\$1,453	\$1,206	\$467	\$831	-1.56x	39%
Gran Colombia Gold Corp.	GCM	\$255	\$238	\$92	\$89	0.02x	39%
Lundin Gold Inc.	LUG	\$1,649	\$2,058	\$879	\$76	-28.81x	43%
Superior Gold, Inc.	SGI	\$38	\$14	\$7	\$22	19.13x	50%

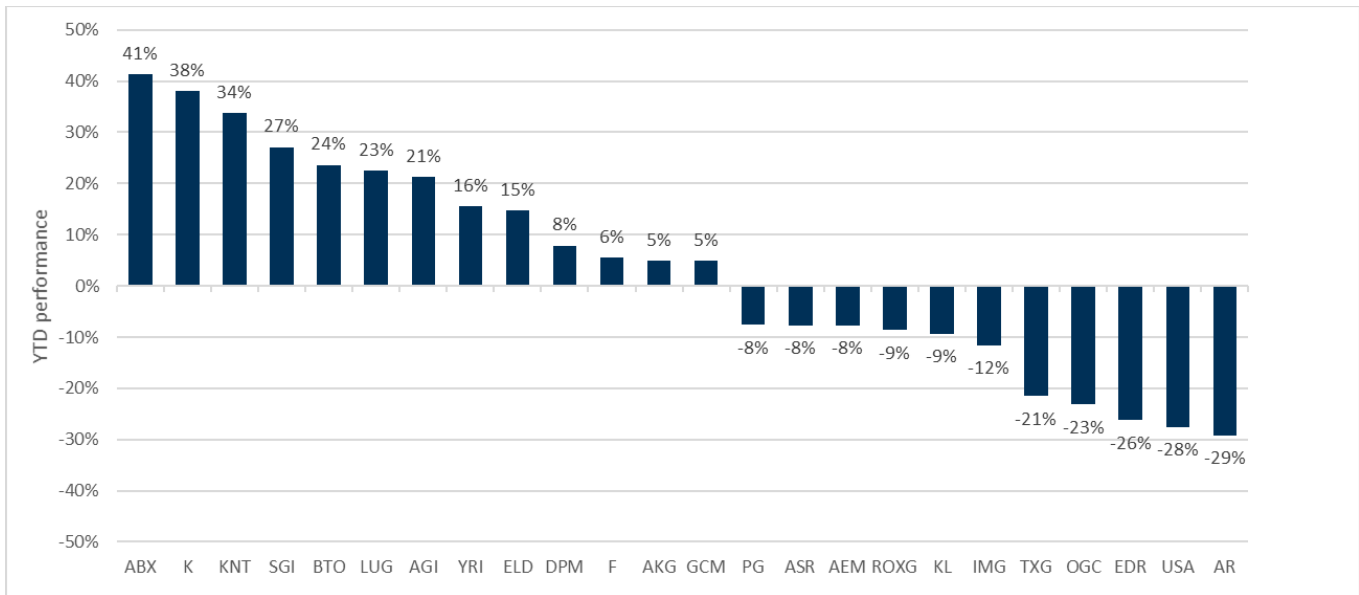
Source: FactSet, Stifel GMP estimates

Figure 8. Producer spot P/NAV



Source: FactSet, Stifel GMP estimates

Figure 9. Producer YTD performance



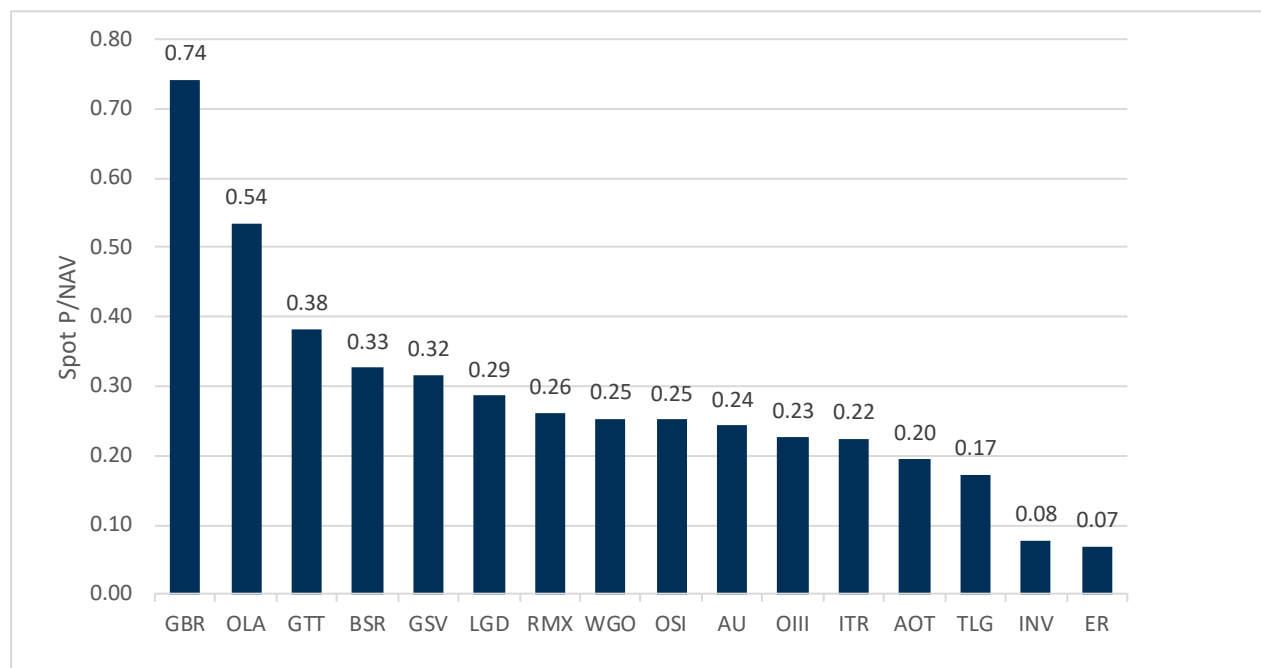
Source: FactSet

Figure 10. Developer/explorer balance sheet summary

Company	Ticker	Market Cap	Debt	Cash	Cash as % of Market Cap
INV Metals Inc.	INV	\$25	\$1	\$10	40%
O3 Mining Inc	OIII	\$57	\$0	\$22	38%
Bluestone Resources Inc.	BSR	\$107	\$0	\$30	28%
Rubicon Minerals Corporation	RMX	\$68	\$11	\$19	28%
Osino Resources Corp.	OSI	\$46	\$0	\$11	24%
Aurion Resources Ltd.	AU	\$57	\$0	\$12	21%
Troilus Gold Corp.	TLG	\$52	\$0	\$9	17%
GT Gold Corp.	GTT	\$85	\$0	\$13	15%
Integra Resources Corp	ITR	\$89	\$4	\$11	12%
Liberty Gold Corp	LGD	\$200	\$1	\$18	9%
Great Bear Resources Ltd.	GBR	\$247	\$0	\$21	9%
Eastmain Resources Inc.	ER	\$18	\$0	\$1	7%
White Gold Corp.	WGO	\$51	\$0	\$4	7%
Orla Mining Ltd	OLA	\$325	\$13	\$23	7%
Ascot Resources Ltd.	AOT	\$138	\$10	\$7	5%
Gold Standard Ventures Corp.	GSV	\$168	\$1	\$5	3%

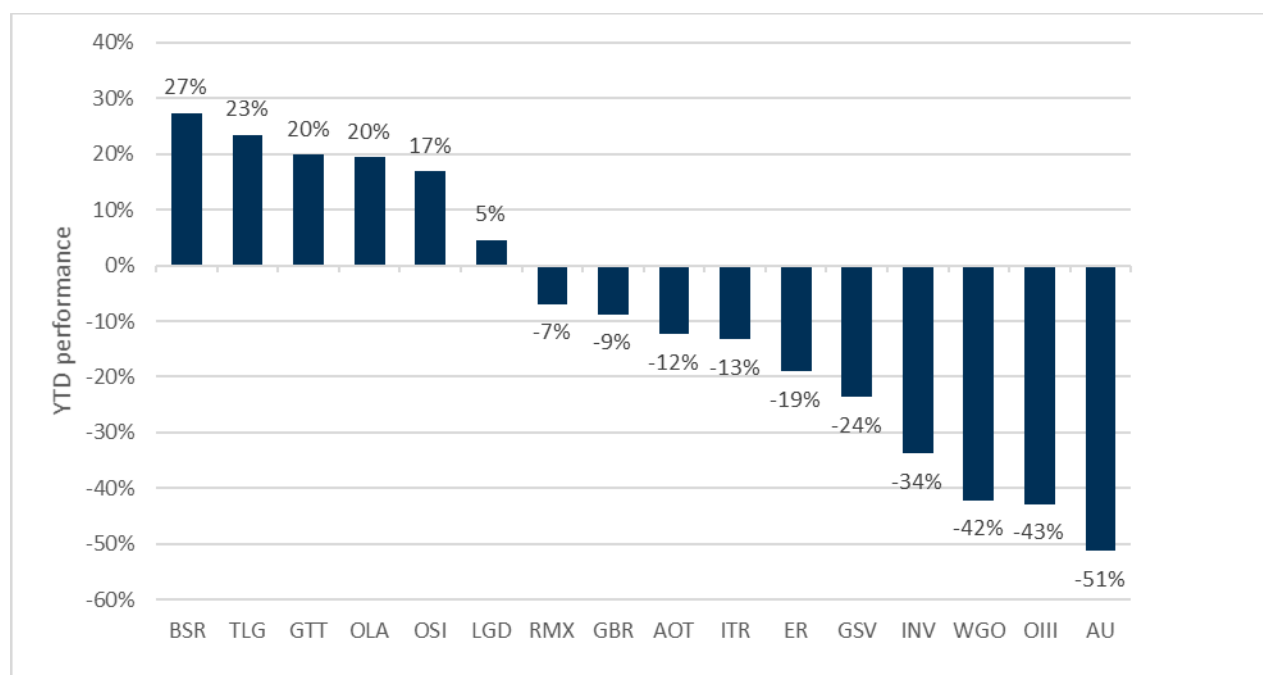
Source: FactSet

Figure 11. Developer spot P/NAV



Source: FactSet, Stifel GMP estimates

Figure 12. Developer YTD performance



Source: FactSet

Figure 13. Producer status and liquidity

Company	Ticker	# of mines	# in operation	% of production online	Guidance suspended	Debt due in 2020 [US\$mm]	Cash position [US\$mm]	Undrawn credit [US\$mm]	Total excess liquidity
Barrick Gold Corporation	ABX	10	10	100%	No	\$0.0	\$3,314	\$3,000	\$6,314
Kinross Gold Corporation	K	8	8	100%	No	\$0.0	\$590	\$1,400	\$1,990
IAMGOLD Corporation	IMG	3	3	100%	Yes	\$6.0	\$831	\$500	\$1,325
Agnico Eagle Mines Limited	AEM	10	4	44%	Yes	\$360.0	\$1,322	\$200	\$1,162
Yamana Gold Inc.	YRI	5	4	63%	Yes	\$56.0	\$773	\$550	\$1,267
Kirkland Lake Gold Ltd.	KL	4	2	67%	Yes	\$0.0	\$778		\$778
Alamos Gold Inc.	AGI	3	1	35%	Yes	\$0.0	\$215	\$400	\$615
B2Gold Corp.	BTO	3	3	100%	No	\$27.0	\$141	\$300	\$414
Eldorado Gold Corporation	ELD	4	4	100%	Yes	\$67.0	\$178	\$300	\$411
OceanaGold Corporation	OGC	4	1	43%	Yes	\$0.0	\$183	\$0	\$183
Torex Gold Resources Inc.	TXG	1	0	0%	Yes	\$85.0	\$162	\$90	\$167
Alacer Gold Corp.	ASR	1	1	100%	No	\$70.0	\$195		\$125
Premier Gold Mines Limited	PG	2	1	10%	Yes	\$0.0	\$58	\$33	\$91
Gran Colombia Gold Corp.	GCM	2	2	100%	No	\$18.0	\$89		\$71
Argonaut Gold Inc.	AR	3	0	0%	Yes	\$0.0	\$39	\$31	\$70
Lundin Gold Inc.	LUG	1	0	0%	Yes	\$27.0	\$76		\$49
Asanko Gold, Inc.	AKG	1	1	100%	No	\$0.0	\$31	\$15	\$46
Roxgold Inc.	ROXG	1	1	100%	No	\$16.4	\$50	\$0	\$34
Dundee Precious Metals Inc.	DPM	2	2	100%	No	\$0.0	\$23		\$23
Superior Gold, Inc.	SGI	1	1	100%	No	\$0.8	\$22		\$22
Endeavour Silver Corp.	EDR	3	0	0%	Yes	\$3.0	\$23		\$20
Americas Gold and Silver Corp.	USA	3	2	49%	Yes	\$5.6	\$20		\$14
K92 Mining, Inc.	KNT	1	1	100%	No	\$13.0	\$22		\$9
Fiore Gold Ltd.	F	1	1	100%	No	\$1.0	\$9		\$8

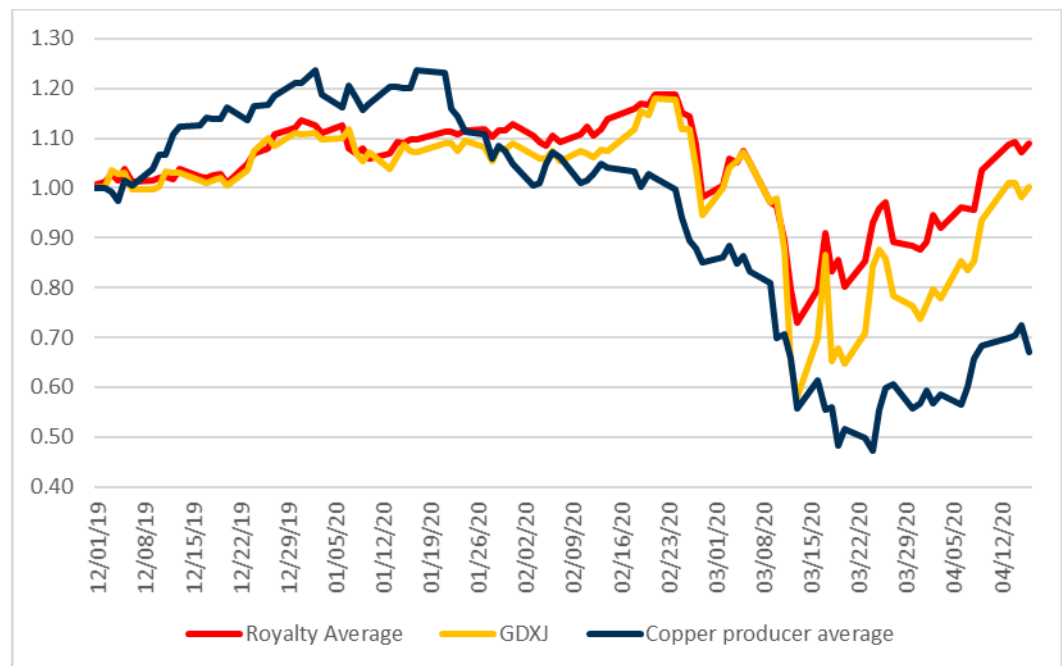
Source: FactSet, Stifel GMP estimates, Company reports

Royalties to reap rewards among the carnage

Looking at the different cycles for gold in the past over 12 years, we see a strong case to be long the royalty cos. The senior royalty cos outperformed during the gold bull market after the GFC, setting a good precedent perhaps for what’s to come as we enter a new cycle post-coronavirus. Between 2008 and 2012, the senior royalty companies had an average total return of 196% (or a 24% equivalent annual return) vs the S&P 500 total return of 9% (or a 2% equivalent annual return).

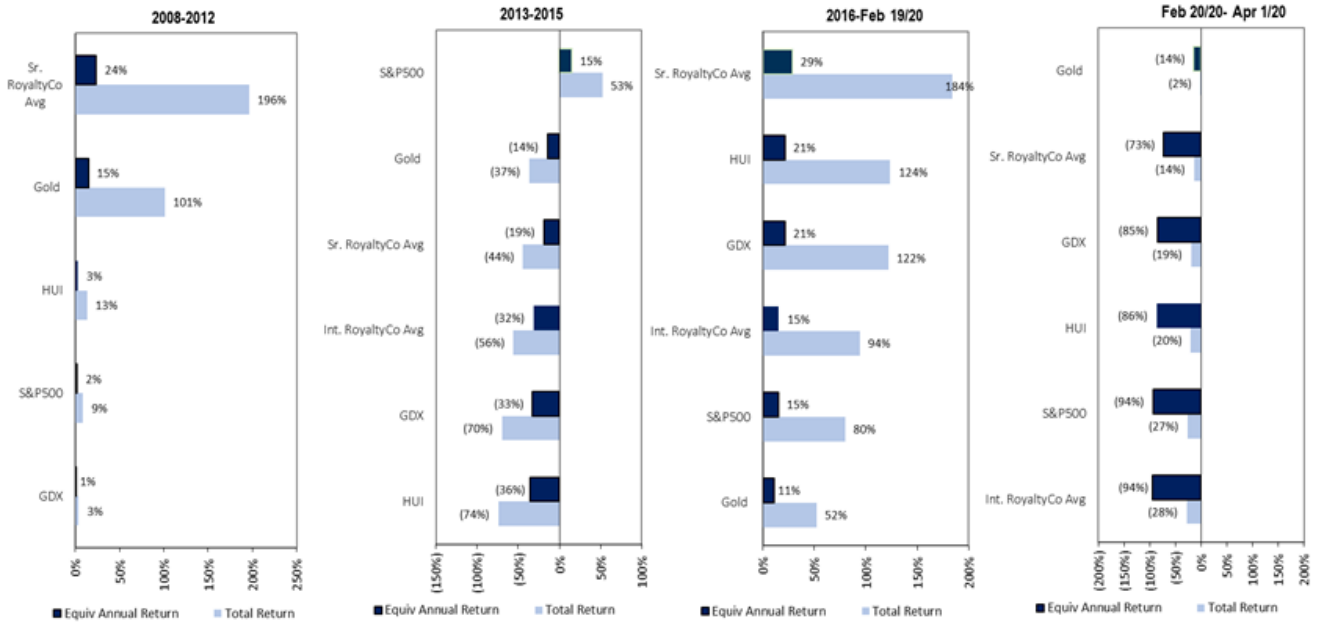
The royalty companies are not insulated from the pandemic as some deliveries are not guaranteed and revenue will temporarily suffer as a result of the mine shutdowns. However with limited staff, relatively low fixed costs and no significant (or any at all) capex, the royalty business model somewhat cushions the CF impact from deferred revenue in the short-term vs the gold producers. The royalty cos benefit from premium multiples, low cost of capital and balance sheets with the firepower to position them well to be opportunistic in terms of new deals. Of particular interest are the multi-decade mine life assets that are primarily base metal producers with precious metals by-products. This is the unicorn stream for the royalties and with base metals miners in need for balance sheet repair, the royalty companies may be active in the months ahead and perhaps able to secure additional cornerstone streams of the likes of Cobre Panama, Sabolo, Candelaria, Antamina or Antapaccay.

Figure 14. Royalties, GDXJ and copper producers indexed performance since Dec’19



Source: FactSet

Figure 15. Royalties showing resilient performance over the last 12+ years



Source: Bloomberg, Stifel GMP

Tyron Breytenbach – Launching on the junior golds

Sector responsibilities: Tyron will focus on finding the next crop of Tier-1 assets early and will cover the developers and explorers along with select producers that he has been tracking since inception. This report introduces his coverage list and stocks that are new to Stifel's coverage (e.g. ROXG, OSI, RMX, GSV, OI11) which will be the subject of more comprehensive thesis reports in the coming weeks but given Tyron's history covering these companies, we felt it was best to get on the map with target and ratings as soon as possible. Please call for any issuer models in the interim. In addition to the junior golds, Tyron will be covering the uranium space.

Ingrid Rico – Maintaining coverage of senior golds and royalties

Sector responsibilities: Ingrid will focus on the senior/intermediate producers and the precious metals royalty companies, while holding onto a few junior producers where she has market moving insight.

Ian Parkinson – Will cover mid-cap gold producers and all base metals

Sector responsibilities: Ian will balance his coverage between focusing on emerging and mid-tier precious metals producers and the base metals sector. He is adding coverage of Equinox to his list of mid-tier producers.

Transferring of existing coverage names

As we reorganize our existing Precious Metals coverage, we are making the following changes:

Transferring coverage to Ingrid Rico:

- **Kinross Gold (K-TSX):** Amongst the senior producers, Kinross stands out in terms of relative valuation as the company trades at valuation multiples (across different metrics) below its peers despite an excellent operational track record over the last eight years. The company has met or exceeded production guidance targets setting a solid track record of operational performance. In 2019, the first full operating year post-Phase 1 expansion at Tasiast led to record annual production and 2020 is planned to be another strong year for the mine. The 24ktpd expansion is progressing and still expected to reach 21ktpd by the end of 2021 and 24ktpd by mid-2023. The 24ktpd expansion should take annual production to avg 563k oz at \$560/oz. Paracatu optimization is yielding results with a strong performance in 2019 delivering record production. Kinross offers superior NAV leverage to gold price versus senior peers and is also one of the names in our coverage with the highest beta and correlation to gold price over the past two years. Kinross, as its peers, has been managing the current COVID-19 pandemic at its operations and currently continues to operate with no materially impact to date. K trades at a spot P/NAV of 0.72x, below senior producers under coverage with an average of 1.10x. We are maintaining current estimates and BUY rating, but we are increasing our target to C\$11.00 (from C\$8.60), which is derived from a 1.35x target multiple (previously 1.05x) reflecting higher valuation torque at current spot gold prices.
- **IAMGOLD⁶ (IMG-TSX):** Operations struggled last year and resulted in the company coming in below production guidance and at the high-end of cost range. Westwood has continued to face operational challenges driven by ground conditions and seismicity impacting the overall performance of the mine. That said, IMG has reviewed its expectations for Westwood extending the timeline to ramp-up to between three to four years, during which annual production is only expected to average between 100-125k oz and still at a high AISC of +\$1,125/oz. Optimizations and planned operational improvements are expected to be a focus in 2020. We believe stronger and consistent operational results are needed in the next coming quarters to rebuild investors' confidence in IMG and its operations and could change the narrative for this producer. The longer term growth development strategy is yet to be officially approved by the Board of Directors, although IMG is continuing with pre-development work and engineering studies for Côté Gold. In a rising gold price environment and at \$1,700 Au, Côté Gold looks like a far more attractive project to develop. This is an asset that offers considerable torque once financed and can add an attributable average annual production of ~240koz/yr to IMG's profile. The large open-pit project in Ontario does have a big price tag with initial capex estimated at \$1.2bn (but recall: IMG and Sumitomo formed a JV back in mid-2017, which is 70% IMG/30% SMM on the 92.5% interest of the project, and Sumitomo will be responsible for funding its proportionate share of capex). IMG maintains a financially strong position with approx. \$830mm in cash (or net cash of \$422mm) at the end of 2019. We believe IMG's valuation can improve with stronger operational execution in the coming quarters and a more firm strategy for its longer-term development growth pipeline with Côté looking like a more enticing project at spot. For now, we are

maintaining current estimates as well as a HOLD rating, and C\$5.75 target price, which is derived from a 0.8x target multiple applied to our current NAVPS of \$5.46.

Transferring coverage to Ian Parkinson:

- **Alacer Gold (ASR-TSX):** 2019 was a great year for Alacer. 2019 production beat our expectations with consolidated production of 391.2k oz at a full-year AISC of \$710/oz. Alacer finished 2019 with a cash balance of \$233mm and net debt at the close of the year was \$47mm. The strength of 2019 helped de-lever the balance sheet. Consolidated gold production guidance for 2020 is in the range of 310-360k oz at a consolidated AISC of 735-785/oz (with 230-260k from sulfide and 80-100k oz from oxide). Sulfide production for 2020 largely reflects similar expectations to 2019. On the growth side of the Alacer story, late last year, Alacer announced an updated mineral resource estimate for its Ardich deposit. The updated was a 92% more ounces at 23% higher grade from previous work. The total indicated resource grew by 28% and the inferred ounces increased by 519%. Approximately two-thirds of the resource is classified as oxide or high-sulfur oxide, with the remaining third classified as sulfide material (not-heap leachable). We are maintaining current estimates and BUY rating, our target of C\$7.75 remains unchanged, which is derived from a 1.10x NAV multiple.

Transferring coverage to Stephen Sock:

- **Americas Gold and Silver (USA-TSX):** Over the past few years, USA has transitioned from a production profile that was lead/zinc dominated towards one more than 75% focused on precious metals by 2021. With the Relief Canyon gold/silver mine on track to start commercial production before the end of Q2, the company is well positioned to take advantage of the favourable gold price environment. The Cosalá operations (Nuestra Señora, San Rafael and El Cajón mines feeding the Los Braceros plant) were disrupted by an illegal blockade earlier this year, but we believe will ramp back up after mining activities are allowed to restart (after the COVID-19 related suspension). The area also hosts the high grade silver deposit Zone 120 (P&P grade of 161 g/t Ag), proximal to existing underground infrastructure and is open for resource expansion. Last year, Americas entered into a JV partnership for the Galena Complex, with Eric Sprott buying a 40% interest for \$20m. The capital injection has allowed for capital improvements such as replacing mobile equipment, updating infrastructure and investing in exploration. This period of refurbishment is slated to continue for the next year. We model the mine partially restarting production this year and ramping up to full operations by mid-2021. Americas Gold and Silver trades at a spot P/NAV of 0.38x. More pointedly, we estimate it trades at a 3-year forward average spot FCF yield of 28% vs the junior producer average of 20%. We believe the stock will re-rate as the market recognizes the impact of this significant cash flow through 2022. We maintain our BUY rating and C\$5.50 target price based on a 1.0x multiple to our current NAVPS of \$4.05.

Aurion Resources⁷

Speculative Buy

AU-TSXV

April 17, 2020

Last: C\$0.99
Target: C\$3.50**Initiating coverage: Finding high grade in the first world****Our pick of the pre-resource explorers. We are drawn to the early strategic interest and science-oriented targeting approach.**

We are launching on Aurion with a C\$3.50 target and Speculative Buy rating.

Aurion was founded on the idea that the Central Lapland Greenstone Belt (CLGB) in Northern Finland is analogous in geologic setting and prospectivity to the famed gold camps of Canada, Australia, Africa and South America yet is so immature in terms of exploration to have delivered only a fraction of the production. Having visited site, we buy into management's view of the project. Exploration to date has focused on the "Sirikka Line" which is a crustal-scale deformation zone that is highly analogous to the Porcupine-Destor Fault Zone ("PFDZ") which has been responsible for >80 MMoz of gold production/inventory in the Timmins area.

Aurion shot to prominence on the back of a massive boulder field discovery in 2017 (i.e. multiple "SUV-sized" boulders splattered with visible gold, and >1,200 samples grading >25 g/t Au) but the team has since traced the source of the boulders back to an in-situ drill bit discovery at "Aamarusko" including 789 g/t Au over 2.9 m. While the main gold shoot at Aamarusko appears constrained in strike (~75 m strike by 150 m deep and open at depth), we are seeing additional structures/shoots develop at Aamarusko. Multiple ore grade intercepts and surface showings occur all along the >1,000 km² land package.

Aurion already attracted Kinross (acquired initial 9.9% position at C\$2.32/sh in 2017) and Newmont (inherited 3.8% interest from Goldcorp) as strategic investors. Additionally, Agnico runs a very low-cost producer nearby (Kittilä - 189 koz produced at \$853/oz total cash costs in 2018) and the seniors are clearly watching the story. Finland is among the scarce untapped gold plays in the first world and has an attractive fiscal regime (20% tax rate) with qualified mining infrastructure/labour (decades of base metal production).

Valuation: The pre-resource nature of Aurion means we value it on an EV/oz basis on forecast discovery. Right now the market is pricing in just 250 koz vs our internal forecast of 500 koz and growing (we view 1 MMoz at >12 g/t as an economic hurdle in this part of the world).

Catalysts In 2020: Aurion has ~C\$17 MM in cash and equiv. and will be testing both expansions/repetitions of Aamarusko and finding a "second front" of resource growth elsewhere along the Sirikka Line (e.g. Launi).

Basic Stats			
Producer	No	Basic S/O	83.27 M
Share Price	C\$0.99	FD S/O	91.58 M
52-Week High	C\$2.35	Management	8.33 M
52-Week Low	C\$0.42		
NAV	C\$3.72	P/NAV	0.27x
Balance Sheet (MM)			
Cash	\$11.8	Mkt Cap	\$58.5
Debt	\$0.0	EV	\$50.2
Resource/Reserve			
Current Resource	0.00 MMoz	Forecast	0.5 Moz
EV/oz Current	N/A	EV/oz forecast	\$100

All currency figures in US\$ unless otherwise noted

 [Current Chart](#)

 [Previous Research](#)

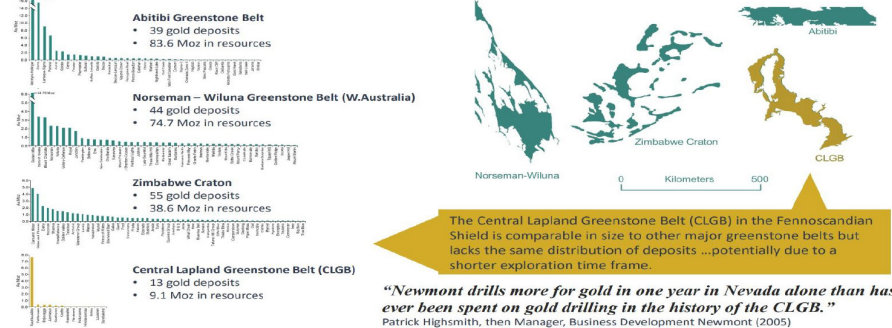
Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

Figure 16. Finland is geologically comparable to most productive greenstone camps
 CLGB – Lack of Gold Exploration History = Big Opportunity



Long history of gold exploration produced log normal distribution of gold deposits in similar sized belts²



WHY THE OPPORTUNITY EXISTS:

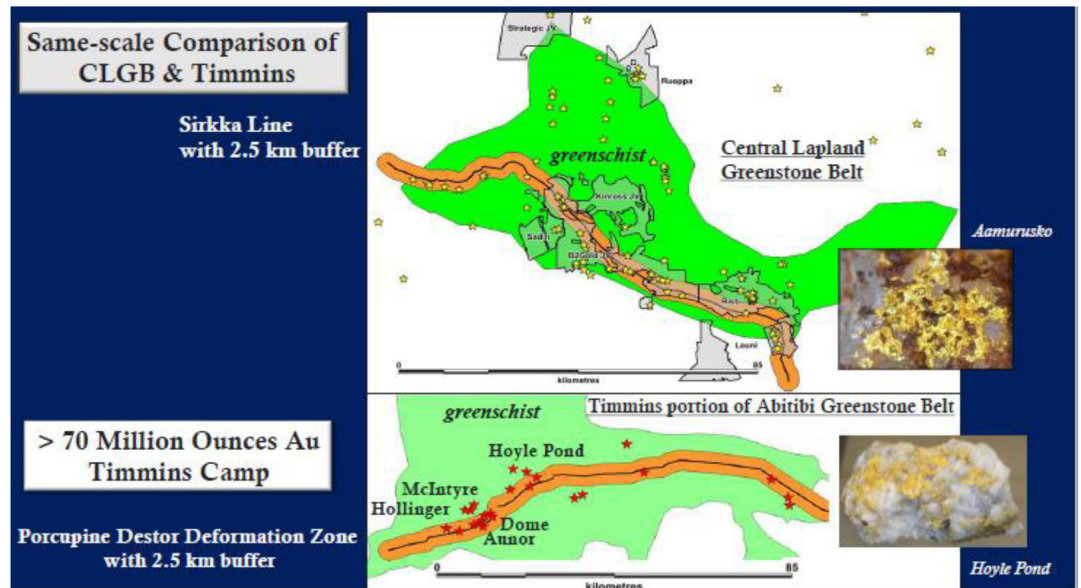
- State control of mining until 1995
- Outokumpu (State-run Mining Company) explores for base metals only
- Gold discoveries archived but not followed-up
- Limited history of gold exploration in Finland



Source: Company reports

Figure 17. Covers same scale/corridor as >70 MMoz camp

Sirkka Line Analogy to Timmins Camp



Source: Company reports

Figure 18. AU valuation table at \$1,650/oz Au

	Interest	C\$MM	C\$ Per Share
Finland			
Risti (100,000 ha @ C\$2,600/ha)	100%	305.2	3.33
B2Gold JV	30%	6.4	0.07
Kinross JV	30%	3.0	0.03
Sweden			
Sweden Project	100%	0.0	0.00
Corporate Adjustments			
Current Cash		13.0	0.14
Marketable Securities		3.7	0.04
Short Term Investments		3.6	0.04
Cash from Warrants/Options ITM at Target		5.6	0.06
Sum of the parts NAV (C\$)		C\$340.5	C\$3.72
Basic Shares Out			83.27
ITM Options and Warrants At Target			8.31
Fully Diluted Shares Out			91.58
Current AU CN Share Price			C\$0.99
Price/NAV			0.27x

Source: Stifel GMP

Figure 19. Peer \$/Ha valuations

Ticker	Company	Share Price (C\$)	Market Cap. (C\$MM)	Enterprise Value (C\$MM)	Flagship Project	Property Size (Ha)	EV/Ha (C\$)
GBR-CA	Great Bear Resources	8.00	303.6	291.9	Dixie Lake	13,000	22,454
SBB-CA	Sabina Gold and Silver	1.70	490.9	455.8	Back River	108,000	4,220
ME-CA	Moneta Porcupine	0.10	26.7	25.2	Golden Highway	16,800	1,500
WHN-CA	Westhaven Ventures	0.62	55.0	53.1	Shovelnose	35,000	1,516
PRB-CA	Probe Metals	0.85	94.1	73.9	Val d'Or East	69,130	1,069
RGD-CA	Reunion Gold	0.10	32.1	30.8	Dorlin	23,840	1,292
C-CA	Contact Gold	0.16	9.4	21.9	Pony Creek	21,370	1,027
GFG-CA	GFG Resources	0.19	16.2	13.3	Pen Gold / Rattlesnake	59,802	222
TETH-CA	Tethyan Resources	0.11	8.1	7.0	Rudnica	64,300	109
SUNM-CA	Sun Metals	0.09	7.9	1.3	Stardust	11,156	114
SGC-CA	Solstice Gold	0.06	3.8	3.8	Nunavut Gold Project	87,200	44
Average							3,052
AU-CA	Aurion Resources	0.99	68.7	65.6	Risti	100,000	656

Source: Company reports, Stifel GMP, FactSet

Bluestone Resources

BUY

BSR-TSXV

April 17, 2020

Last: **C\$1.77**
 ▲ Target: **C\$4.00**

Transferring coverage: Lundin backed, producer re-rate

Bluestone stands out as a developer that has the funding, talent and asset quality to see it through the producer re-rate.

We are transferring coverage of Bluestone to Tyron Breytenbach with a C\$4.00 target and BUY rating. Our prior rating was BUY with a C\$3.20 target.

Recall that Bluestone's primary asset is the DFS-stage Cerro Blanco asset in Guatemala that is expected to essentially FCF its market cap (\$114 MM FCF at \$1,650/oz in its maiden year of production). The project's economic drivers are the elevated grade (8.49 g/t Au reserve grade), shallow geometry and a mine plan that benefits from >\$230 M in capex sunk by prior operators (Goldcorp/Glamis).

A pivotal moment for Bluestone was when Jack Lundin joined as CEO earlier this year in parallel to a new bridge credit facility that will be backstopped by the Lundin Family. This is critical to our thesis as it demonstrates the project has the full support of perhaps the most respected group in mining and removes the immediate funding risk. Recall that Jack Lundin comes off the recent FDN build where he was site superintendent for Lundin Gold (LUG-TSX; BUY, C\$11.40) in Ecuador. We expect Mr. Lundin can tap the same pool of contractors as FDN and we flag that Lundin Gold re-rated dramatically into commercial production (from 0.5x to >1.0x NAV).

In general, the producer re-rate trade has been a consistent strategy in the gold space with the last six sizeable mines generating an average return (on top of the GLD performance) of >80%.

Valuation: Bluestone trades at just 0.34x our funded and diluted NAV at \$1,650/oz. High margin, single asset producers that we track trade at 0.57x and we expect the Lundin connection will drive a premium to peers.

Catalysts in 2020: The next catalyst is a full funding package we expect to be a combination of debt, equity and possibly a stream with a buyback clause (likely the LOM Ag production of 3 MMoz). Other catalysts include a resolution to Escobal which attracted Pan American (PAAS-TSX; not covered) as a new owner in 2019 but remains in legal limbo. While we continue to view the CSR situation at Escobal as a non-direct comparable to Cerro Blanco, this remains an optical headwind.

Basic Stats			
Producer	No	Basic S/O	82.38 M
Share Price	C\$1.77	FD S/O	107.40 M
52-Week High	C\$2.12	Management	7.41 M
52-Week Low	C\$0.85		
NAV	C\$5.13	P/NAV	0.34x
Spot NAV	C\$5.41	Spot P/NAV	0.33x

Balance Sheet (MM)			
Cash	\$30.0	Mkt Cap	\$103.53
Debt	\$30.0	EV	\$103.53

Resource/Reserve			
Current Resource	2.46 Moz	Current Reserve	0.94 Moz
EV/oz Current	\$42.1	EV/oz Current	\$110

* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz

All currency figures in US\$ unless otherwise noted

 [Current Chart](#)

 [Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

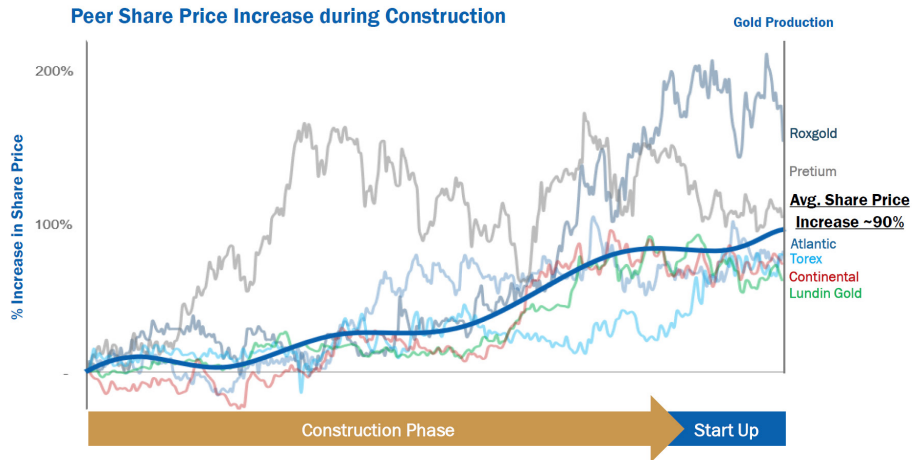
(416) 941-6781

Figure 20. Producer re-rate has been consistent

Re-Rating Potential

TSXV:BSR OTCQB:BBSRF | 15

The average increase in share price from construction to production has been ~90%



Note: Bolded line indicates trend line based on peers. Construction timeframes vary from 18 months to 24 months from early construction to commercial production.



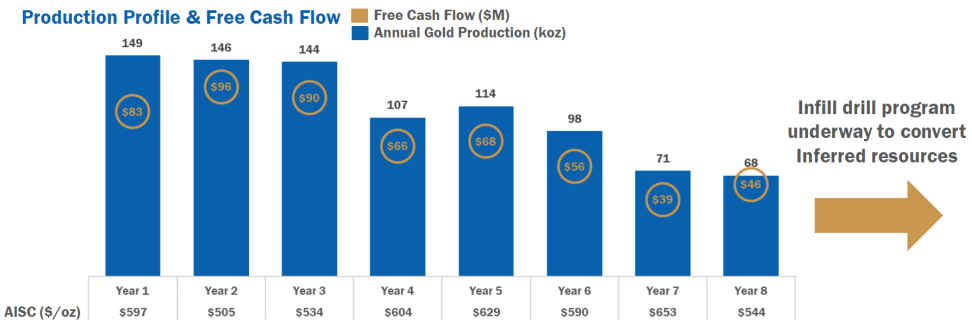
Source: Company reports

Figure 21. Smaller production profile but strong FCF profile

Strong Cash Generation

TSXV:BSR OTCQB:BBSRF | 11

Average annual production of 146,000 oz Au/yr over the first three years



1. Based on the first three years of production at US\$1,250/oz.
2. Unlevered basis at US\$1,250/oz.
Source: Feasibility Study as disclosed in the January 29, 2019 press release.



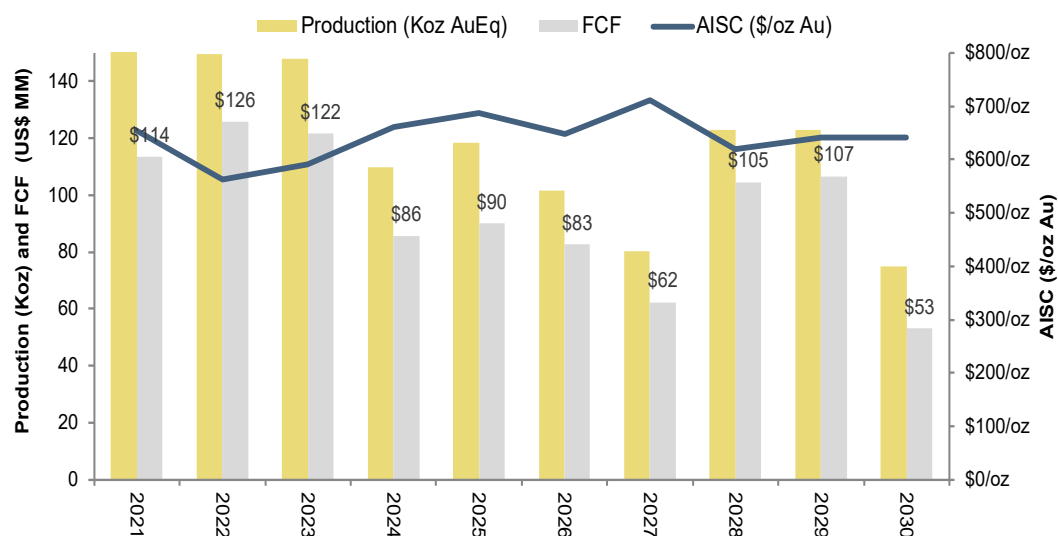
Source: Company reports

Figure 22. BSR valuation table at \$1,650/oz Au

	US\$MM	US\$ Per Share
Mining Assets		
Cerro Blanco NPV5%	499.5	2.83
Regional Exploration (Nominal Value)	10.0	0.06
Corporate Adjustments		
Current Cash	30.0	0.17
Debt	30.0	
Cash from ITM Options/Warrants at Targe	22.8	0.13
Future Equity Financing	110.4	0.63
Total USD	642.7	3.64
Sum of the parts Nav (C\$)	C\$905.2	C\$5.13
Basic Shares Out		82.38
ITM Options/Warrants at Target Price		25.02
New Shares To Fund Capex at C\$1.60/sh		69.01
Fully Financed & Diluted Shares Out		176.41
Current BSR CN Share Price		C\$1.77
Price/NAV		0.34x

Source: Stifel GMP

Figure 23. Production/cost/FCF profile – Cerro Blanco



Source: Stifel GMP

Equinox Gold⁶

BUY

EQX-TSX

April 17, 2020

Last: C\$11.00
Target: C\$19.00

Initiating coverage: Can't you hear me knocking?

Rapidly growing from upstart to major player, Equinox is looking to produce 540-600k oz in 2020 on the back of the Leagold merger and is laser focused on reaching 1MM oz in the near term through low risk growth.

We are launching on EQX with a C\$19.00 target and BUY rating.

2020 guidance and outlook

Prior to the effects of COVID-19 on the mining industry, Equinox Gold was guiding to production of 540-600koz Au (615-680koz Au including metal produced by Leagold during 2020 pre-merger close) at an AISC of \$1,000-\$1,060/oz. Los Filos (2020 guidance of 170-190k oz Au post-merger), Aurizona (2020 guidance of 115-125koz Au post-merger), and Mesquite (2020 guidance of 120-130k oz Au post-merger) account for the bulk of 2020 production, with Fazenda, RDM and Pilar accounting for the remaining 130-145k oz Au post-merger. To date production guidance has not been formally withdrawn; however we have adjusted out 2020 production outlook to reflect the impact of COVID-19 on operations as guided. To date, mining operations at Los Filos have been shut since the beginning of April but leaching continues. Mining will be idled until the end of the month at least, in accordance with the Mexican government's national response. In Brazil the situation continues to remain fluid, with operations curtailing their response to comply with local restrictions.

EQX plans to spend \$230mm in capital expenditures across its portfolio in 2020, with the majority at Los Filos, Aurizona, and Castle Mountain. At Los Filos approximately \$50mm is to be spent on the expansion project, which includes capital associated with Guadalupe pit activation, Bermejil underground development, and regional exploration. EQX is spending \$40mm at Castle Mountain on Phase I. Project build is currently more than 50% complete. First gold is expected before year end. Upon completion, the project is expected to produce an average of 50k oz Au for the first three years, before the Phase II expansion boosts production to north of 200k oz/annum.

Valuation: With rapidly growing diversified gold production from the US, Mexico and Brazil, EQX's production base is comprised of six producing mines and two development projects and two expansion projects. Equinox is focused on becoming a 1MMoz per year producer. Like the rest of our coverage universe we use a NAV based valuation methodology. Our \$19.00 price target is based on a 1.0x multiple of our estimated NAV per share. EQX trades at 4.2x 2021 CF and 6.5x 2021 EPS. Like the rest of the global mining industry Equinox must navigate the effects of COVID-19 and associated shutdowns.

What's Changed	Old	New
Rating	n/a	BUY
Target	C\$19.00	n.c.
Gold Production 2019A (k)	200	n.c.
Gold Production 2020E (k)	550	n.c.
Gold Production 2021E (k)	899	n.c.

Share Data

Share o/s (mm, basic/f.d. itm)	215/305
52-week high/low	C\$13.52/C\$4.9
Market cap (m)	C\$2,310
EV (m)	\$1,894
Net debt (m)	\$212.0
Projected return	73%
NAV0%/share	\$17.78
NAV5%/share	\$12.96
P/NAV0%	0.44x
P/NAV5%	0.60x

Financial Data

YE Dec. 31	2019A	2020E	2021E
Gold production (k oz)	200	550	899
Cash costs (\$/oz)	\$809	\$902	\$796
EPS	\$0.27	\$0.56	\$1.19
CFPS	\$0.53	\$1.00	\$1.87
P/E	29.2x	13.9x	6.5x
P/CF	14.7x	7.8x	4.2x

All figures in US\$ unless otherwise noted

All currency figures in US\$ unless otherwise noted

 [Current Chart](#)

 [Previous Research](#)

Ian Parkinson
iparkinson@stifel.com

(416) 943-6639

Cole McGill
cmcgill@stifel.com

(416) 943-6631

Catalysts in 2020:

- **First gold at Castle Mountain.** With \$45mm to be spent at the asset this year and construction already 50% complete, EQX is expecting to produce 5-10k oz Au this year.
- **Castle Mountain Phase II feasibility study.** The Phase II Expansion is estimated to increase annual production to north of 200k oz Au/year via an increase in throughput and commissioning of a 2ktpd high-grade feed CIL circuit; FS details should help paint the picture towards delivery.
- **Non-core asset decisions.** With near 80% of gold production over the next three years coming from Los Filos, Aurizona, Mesquite, and Castle Mountain, EQX may look to expand any of the remaining assets. Smaller scale Brazilian assets are the main contenders. A final construction decision at Santa Luz in 2020 should provide colour on the assets' path forward within the EQX portfolio, and we would expect similar clarity on the rest of the Brazilian portfolio outside of Aurizona.
- **Aurizona Underground PEA.** Incorporations of higher grade underground material to existing operations sounds easy enough, more details to come.

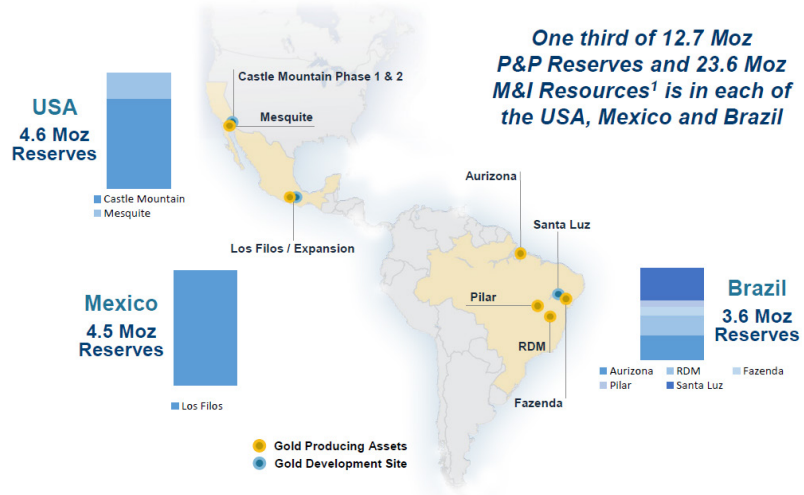
Engines for growth – eyes on the 1MM oz/yr prize**Los Filos transformation**

Current production of ~150k oz to grow to 350k oz with peak years above 420k at sub \$700/oz AISC. Driving the growth is construction of a new CIL plant to process higher-grade ore and complement existing heap leach facilities. Equinox Gold is finalizing trade-off studies to determine the optimal plant size, which is expected to be in the 5-8ktpd range. Feeding the expanded processing capacity at Los Filos is the Bermejil underground mine, expansion at the Los Filos Pit and the Bermejil pit. The expansion project was scheduled to contribute to production in late 2020. This schedule may slip a little as the Mexican mining industry grapples with COVID-19.

Castle Mountain – phased steady growth

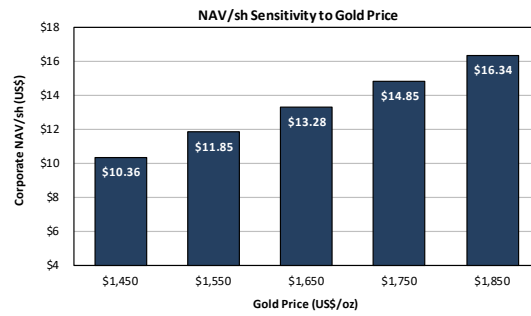
Starting small but growing. Initial production from the prior operating open pit heap leach mine kicks off at 40k ounces but growth through phased ramp-up to 200k oz post Phase 2 of the build out. Phase 2 needs some additional de-risking but we see little risk. Phase 2 does not change the game plan - it just expands it. Phase 2 comprises two circuits whereby an average of 38,600 tpd of ore grading between 0.17 g/t gold and 1.3 g/t gold will be placed directly on the ROM heap leach pad and ore above the 1.3 g/t cut-off will be milled and processed via a CIL (carbon-in-leach) circuit at an average rate of 2,400 tpd. Average annual production during Phase 2 is estimated at 203,000 oz of gold for total anticipated production from Phase 2 of 2.7 million oz of gold. The operating plan calls for 5% of the ore tonnes, containing 29% of LOM produced gold, to be processed by CIL. Phase 1 is currently in construction. Key outstanding items for Phase 2 will be access to additional water and the completion of a new environmental Impact Assessment and related expansion permits. Not without risk but expanding an existing operation is typically easier than a greenfield build.

Figure 24. Asset location



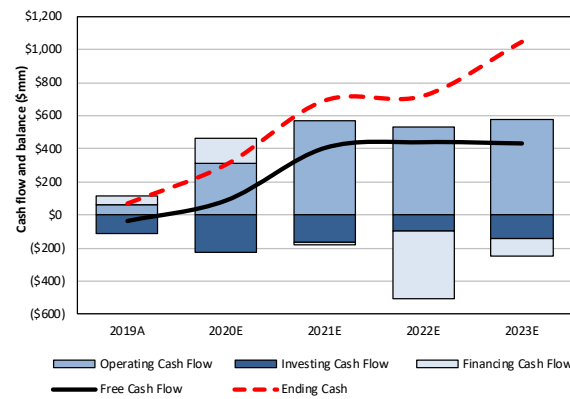
Source: Company reports

Figure 25. EQX valuation sensitivity table



Source: Stifel GMP

Figure 26. Cash flow summary

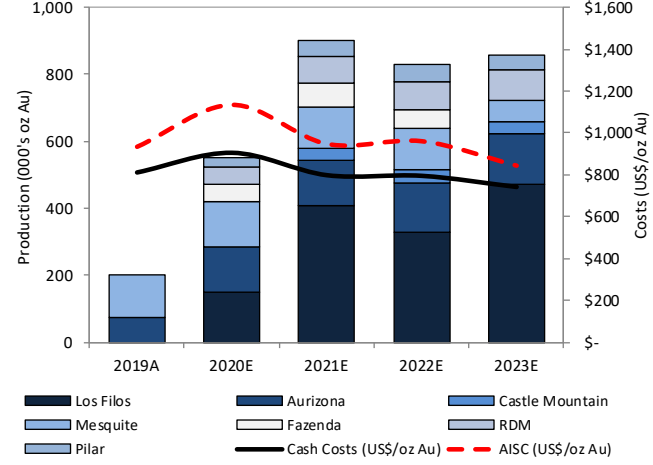


Source: Stifel GMP

Figure 27. Model summary

Equinox Gold Inc. (EQX CN)						Reserves										
Stock Rating:	BUY					Los Filos P&P	104,220	1.31	4.40							
Target Price:	\$19.00					Castle Mountain P&P	197,589	0.56	3.56							
Share Price:	\$11.00					Mesquite P&P	54,635	0.57	1.00							
Implied Return:	72.7%					Aurizona P&P	19,836	1.52	0.97							
Market Cap (\$mm):	2,310					RDM P&P	24,726	0.99	0.79							
Company Summary						Fazenda P&P	5,387	1.84	0.32							
Equinox Gold is a Canadian-based intermediate gold producer with diversified production from six operating mines across the Americas. It currently owns and operates the Los Filos mine in Mexico, the Aurizona, RDM, Fazenda, and Pilar mines in Brazil, and the Mesquite Mine in the U.S.A. The company also is also admist construction of the Castle Mountain mine in the U.S.A., which is expected to pour gold within the next twelve months.						Pilar P&P	7,005	1.18	0.27							
Investment Thesis & Catalysts						Santa Luz P&P	28,200	1.39	1.26							
Rapidly growing from upstart to major player Equinox is looking to produce between 540-600k oz in 2020 on the back of five acquisitions and is laser focused on reaching 1MM oz in the near term through low risk growth. The company has a number of opportunities to increase production over the next two years starting with Castle Mountain Phase 1 in Q3-2020, the Los Filos expansion contributing to production starting in Q4-2020, and the Santa Luz restart toward the end of 2021. Castle Mountain Phase 2 is expected to come online in 2-3 years following permitting.						Stifel GMP Commodity Forecast										
Financial Data						2019A	2020E	2021E	2022E	2023E						
Cash	67.8	292.8	680.0	708.1	1,076.9	Gold Price (US\$/oz)	1,260	1,596	1,650	1,650	1,650					
Debt	264.0	639.7	639.7	239.7	139.7	Silver Price (US\$/oz)	17.06	17.34	18.20	18.20	18.20					
Total Debt / Total Assets	31%	54%	41%	16%	8%	Production (100% basis)										
EPS (Adjusted)	0.27	0.56	1.19	1.01	1.20	2019A	2020E	2021E	2022E	2023E						
CFPS	0.53	1.00	1.87	1.76	1.89	Gold Production (000's oz)	200	550	899	829	858					
P/E	25.3x	12.0x	5.7x	6.7x	5.6x	Total Cash Costs (US\$/oz Au)	\$809	\$902	\$796	\$793	\$740					
P/CF	12.7x	6.8x	3.6x	3.8x	3.6x	NAV Valuation										
EV/EBITDA	26.2x	6.5x	3.4x	3.7x	3.3x	Ownership	Discount	USD MM	USD/Sh							
Income Statement						2019A	2020E	2021E	2022E	2023E						
Revenue	281.7	872.0	1,479.8	1,364.2	1,410.4	Cash		300.0	0.98							
EBITDA	93.8	378.4	724.7	667.7	733.2	Los Filos, Mexico	100%	5%	1,514.8	4.97						
EBIT	(13.1)	274.6	533.6	450.0	522.9	Aurizona, Brazil	100%	5%	605.3	1.98						
Net Income	(20.3)	171.1	363.7	308.5	364.9	Mesquite, USA	100%	5%	319.1	1.05						
EPS (Adjusted)	0.27	0.56	1.19	1.01	1.20	Castle Mountain, USA	100%	5%	906.7	2.97						
EBITDA/Share	0.82	1.76	3.38	3.11	3.42	Other Brazil Assets	100%	5%	556.1	1.82						
Basic Shares Outstanding	114.8	214.5	214.5	214.5	214.5	Total Assets										
Options & Warrants	28.5	90.4	90.4	90.4	90.4	4,202.0	13.78									
Fully Diluted Shares Outstanding	143.3	304.9	304.9	304.9	304.9	Corporate Adjustments										
Cash Flow						2019A	2020E	2021E	2022E	2023E						
Net Income	(20.3)	171.1	363.7	308.5	364.9	Corporate G&A	100%	8%	(199.7)	(0.65)						
Depreciation	39.1	103.9	191.1	217.7	210.3	Long-term Debt			(512.0)	(1.68)						
Other	40.9	30.1	13.9	9.3	1.7	Cash from ITM Instruments @ Target			460.7	1.51						
Operating Cash Flow	59.8	305.1	568.8	535.5	576.8	Total Corporate Adjustments										
Investing Cash Flow	(111.3)	(230.0)	(167.6)	(98.2)	(106.3)	(251.0)	(0.82)									
Financing Cash Flow	57.0	149.9	(13.9)	(409.3)	(101.7)	Net Asset Value										
Cash Increase/Decrease	6.9	225.0	387.3	28.0	368.8	3,951.0	12.96									
Ending Cash	67.8	292.8	680.0	708.1	1,076.9	Exchange Rate C\$/US\$	0.71									
Free Cash Flow	(37.8)	75.1	401.2	437.3	470.5	Multiple	1.00									
Asset Value Layout						Price Target (CAD\$)										
<div style="display: flex; justify-content: space-around;"> <div> <p>Value per Asset (%)</p> </div> <div> <p>Asset Value per Share</p> </div> </div>						<table border="1"> <tr> <td>Price Target (CAD\$)</td> <td colspan="5">C\$19.00</td> </tr> </table>					Price Target (CAD\$)	C\$19.00				
Price Target (CAD\$)	C\$19.00															
Company Management						<p>Ross Beaty Chairman of the Board</p> <p>Christian Milau CEO</p> <p>Attie Roux COO</p>										
Source: Company Reports, Stifel GMP, Bloomberg, FactSet																

Ian Parkinson
iparkinson@stifel.com
+1 (416) 943-6639
Cole McGill
cmcgill@stifel.com
+1 (416) 943-6631



Assets	Ownership	Discount	USD MM	USD/Sh
Cash			300.0	0.98
Los Filos, Mexico	100%	5%	1,514.8	4.97
Aurizona, Brazil	100%	5%	605.3	1.98
Mesquite, USA	100%	5%	319.1	1.05
Castle Mountain, USA	100%	5%	906.7	2.97
Other Brazil Assets	100%	5%	556.1	1.82
Total Assets			4,202.0	13.78

Corporate Adjustments	Ownership	Discount	USD MM	USD/Sh
Corporate G&A	100%	8%	(199.7)	(0.65)
Long-term Debt			(512.0)	(1.68)
Cash from ITM Instruments @ Target			460.7	1.51
Total Corporate Adjustments			(251.0)	(0.82)

Net Asset Value	USD MM	USD/Sh
Net Asset Value	3,951.0	12.96
Exchange Rate C\$/US\$		0.71
Multiple		1.00
Price Target (CAD\$)		C\$19.00

Gold Standard Ventures^{1,7,11}

Speculative Buy

GSV-TSX

April 17, 2020

Last: C\$0.84
Target: C\$2.50

Initiating coverage: Nevada JV headache almost over

While the equity has been decimated, selling has been driven by external factors and Pinion/Dark Star is a rare low-cost asset in Nevada.

We are launching on Gold Standard with a C\$2.50 target and Speculative Buy rating. It's tough to conjure up an equity (even in the forlorn gold development space) that's as disconnected from its asset as Gold Standard Ventures. The company touched a billion dollar valuation during a period of much lower gold prices in 2016 but has since faced a series of headwinds, all catalyzed by the blockbuster ABX/NEM JV in Nevada.

Recall that following the discovery of Dark Star, a high grade (>0.70 g/t), low strip (~2.5:1) oxide resource in Nevada, the company attracted strategic investments from Goldcorp (9.9%) and OceanaGold⁶ (OGC-TSX; BUY; \$4.25) (15.6%). Given GSV's location in the famed Carlin trend, the natural acquirers include Barrick and Newmont but the JV resulted in Newmont inheriting Goldcorp's GSV stock and the immediate removal of two potential suitors. Tension was further deflated when GSV began to find the limits of Dark Star suggesting the production capacity would top out at 150-175 koz/yr which is impressive but not a needle-mover for the ABX/NEM JV.

Newmont are viewed as equity sellers (guidance is that the GSV block is non-core) and Oceana's operational and CSR issues at Didipio and New Zealand meant they were distressed sellers of their GSV position (entire block traded at \$0.82 range earlier this year).

Despite all this non-asset related pressure on the stock, GSV has published a PFS and an optimized iteration of the same study showing a very impressive conventional heap leach mine that can drive a >50% spot IRR and produce 115 koz at \$707/oz AISC for >8 years. We also flag that the PFS excluded >500 koz of inferred ounces that we expect will be converted with additional infill drilling in 2020 and boost the NPV and mine life for minor incremental capex.

Valuation: GSV trades at a funded and diluted PNAV of 0.34x at \$1,650/oz. We flag the scarcity of juniors in Nevada and the low capex hurdle (\$132.9 M) as supportive of a higher multiple once the balance sheet is addressed.

Basic Stats			
Producer	No	Basic S/O	277.53 M
Share Price	C\$0.84	FD S/O	289.05 M
52-Week High	C\$1.62	Management	19.43 M
52-Week Low	C\$0.46		
NAV	C\$2.49	P/NAV	0.34 x
Spot NAV	C\$2.63	Spot P/NAV	0.32 x
Balance Sheet (MM)			
Cash	\$4.54	Mkt Cap	\$165.5
Debt	\$0.00	EV	\$161.0
Resource/Reserve			
Current Resource	2.46 Moz	Current Reserve	0.94 Moz
EV/oz Current	\$65.4	EV/oz Current	\$171.2

* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz

All currency figures in US\$ unless otherwise noted

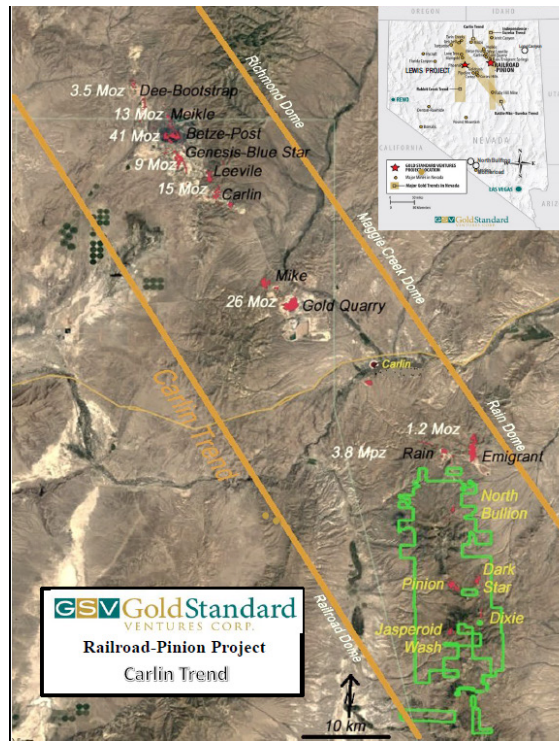
 [Current Chart](#)

 [Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

Figure 28. Only junior with substantial footprint in the Carlin



Nevada

- 5.6 M oz of gold produced in 2018 > 78% of U.S. gold production and 5% of the world production¹
- Numerous >20 M oz gold deposits
- >235 M oz of gold mined through to 2018¹
- Pro-mining environment & geopolitical stability
- Major infrastructure - over 22 processing facilities

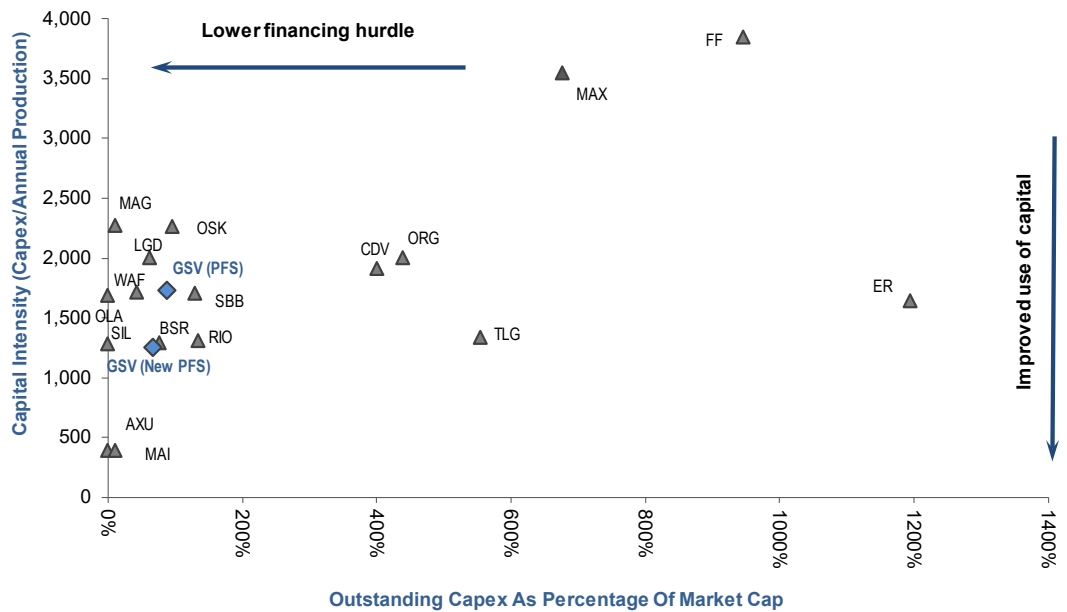
Carlin Trend

- Most prolific gold mining belt in the Western Hemisphere
- >95.62 M oz of gold mined from 1965 to 2018^{2&3}
- Contributes ~20% of annual gold production for Barrick/Newmont mines³
- GSV's technical team - significant contributors to discoveries, building and production on the Carlin Trend: Leeville, Turf, Emigrant, Arturo, Pete Bajo & Gold Quarry
- The Trend consists of four Eocene-age igneous Domes/Windows. The project covers the last known dome on the Trend

¹ Rich Perry & Mike Visser 2020, "Major Mines of Nevada 2018, Mineral Industries in Nevada's Economy,"
² NDOM "Active Mines of Nevada" publications, 2015 thru 2018; NGMG "Mineral Industry" annual reports, 2015 thru 2018;
³ See Annual Reports for Barrick Gold Corp. & Newmont Mining Corp., 2015 thru 2019.

Source: Company reports

Figure 29. Low capital hurdle/intensity



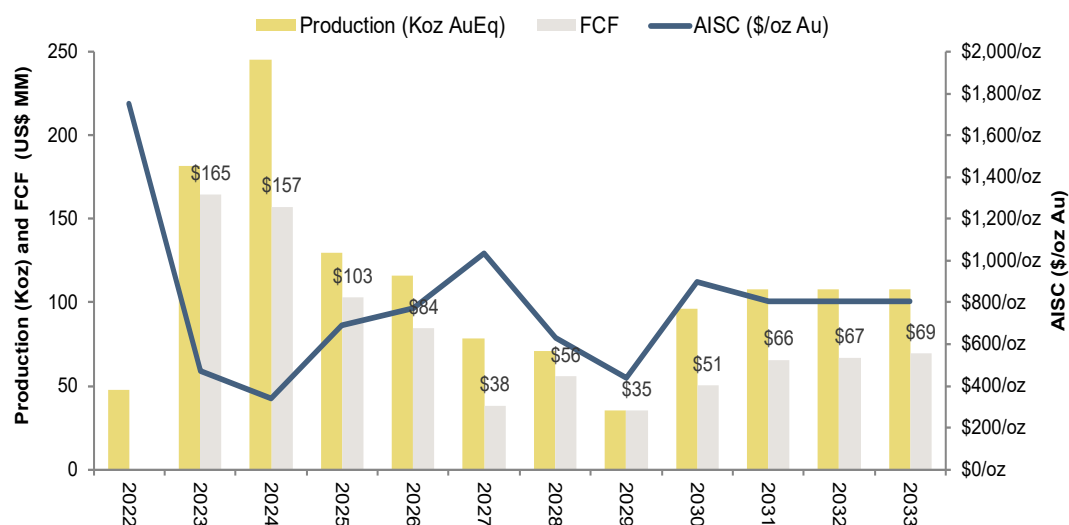
Source: Company reports, Stifel GMP

Figure 30. Gold Standard valuation at \$1,650/oz Au

	US\$MM	US\$ Per Share
Mining Assets		
Pinion/Dark Star Oxide NPV _{5%}	492.38	1.29
N.Bullion Resource In-Situ @ \$50/oz	44.80	0.12
Lewis Book Value	49.54	0.13
Corporate Adjustments		
Current Cash	4.54	0.01
Cash from ITM Warrants/Options at Target	12.06	0.03
Cash from 2020 Exploration Funding	10.00	0.03
Cash from Capex Funding	61.19	0.16
Debt	-	-
Total USD	674.50	1.76
Sum of the Parts NAVPS (C\$)	C\$950.0	C\$2.49
Basic Shares Out	277.53	
ITM Warrants/Options at Target Price	10.01	
New Shares From Exploration Funding at Current Price	8.45	
New Shares From Capex Funding (@ C\$1.00/sh)	86.18	
Fully Financed Shares Out	382.17	
Current GSV CN Share Price (\$/sh)		0.84
Price/NAV		0.34x

Source: Stifel GMP

Figure 31. Production/cost/FCF profile – Pinion-Dark Star



Source: Stifel GMP

Great Bear Resources⁷

Speculative Buy

GBR-TSXV

April 17, 2020

Last: C\$8.00
Target: C\$11.00

Initiating coverage: Re-writing the exploration model in Red Lake

GBR is hurtling towards a maiden resource as the story evolves from geological curiosity to institutional quality.

We are launching on Great Bear Resources with a C\$11.00 target and Speculative Buy rating.

GBR explores on a district scale at its flagship Dixie project in Red Lake and the company shot to prominence in 2018 with the discovery of classic Red Lake style vein hosted mineralization (including 26.91 Au g/t over 16.35 m). The discovery attracted Rob McEwen as major shareholder allowing the company to aggressively raise funds and make a series of even more meaningful discoveries that evolved the model and broadened the target.

The real game-changer was the discovery of the “LP Fault” zone which is situated in an unusual package of rocks (felsic footwall of the major fault structure) that has been largely ignored by prior operators in Red Lake. The subtle alteration/visual signature of the host rock belies the consistent and very broad zone of mineralization that has to date been widely tested along a >4 km-long corridor of stratigraphy. Initial stand-alone discoveries (Yuma, BR, Auro, Yauro, Gap, etc.) now appear to be sample points along a “panel” of mineralization, switching the primary targeting approach from high-grade U/G to O/P target. During our site tour we were struck by the ductile and consistent nature of this mineralization/deformation zone and note that this is something very different from typical Red Lake deposits.

Multiple intercepts top 200 grade-thickness numbers (“gram-meters”) and highlights include 10.32 g/t Au over 18.2 m and 5.2 g/t Au over 42 m.

Valuation: We base our target on a forecast, starter O/P resource of 4.5 MMoz inferred. Given the safe Canadian address proximity to infrastructure and unusually consistent and high grades, we apply a \$50/oz value to our forecast. The stock trades at 0.74x NAV.

Catalysts in 2020: The maiden resource will mark the transition from flashy explorer to institutional name. While the stock is trading at a premium to peers on a starter NAV, we believe the driver of trading will be pace of news flow. The >100,000 m, C\$21 MM drill budget in 2020 will make GBR one of the newest names we cover. Finally, a formal spinout of the 2% NSR to shareholders will be a catalyst leading into that event (late April close).

Basic Stats			
Producer	No	Basic S/O	45.56 M
Share Price	C\$8.00	FD S/O	52.35 M
52-Week High	C\$9.57	Management	7.73 M
52-Week Low	C\$2.20		
NAV	C\$10.75	P/NAV	0.74x

Balance Sheet (MM)			
Cash	\$29.0	Mkt Cap	\$258.8
Debt	\$0.0	EV	\$238.2

Resource/Reserve			
Current Resource	0.00 Moz	Forecast	4.50 Moz
EV/oz Current	N/A	EV/oz Forecast	\$52.9
* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz			

All currency figures in US\$ unless otherwise noted

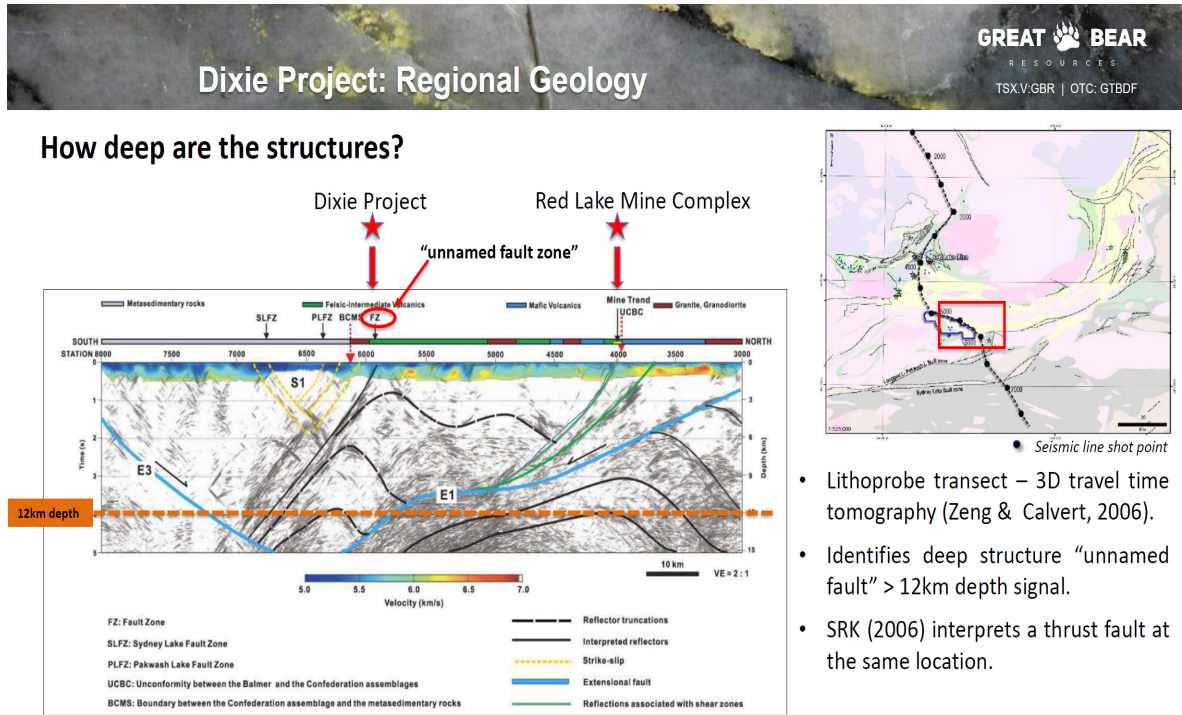
 [Current Chart](#)

 [Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

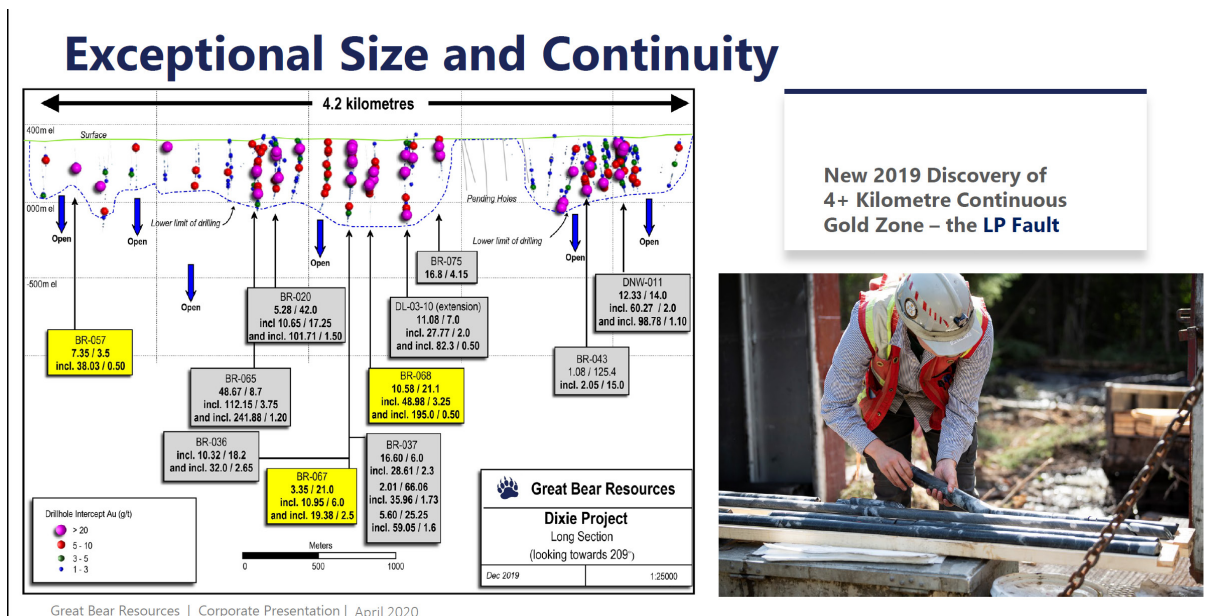
Figure 32. The most important section – Dixie is one of only two spots in Red Lake where deepseated faults tap gold hosting fluids to surface



- Lithoprobe transect – 3D travel time tomography (Zeng & Calvert, 2006).
- Identifies deep structure “unnamed fault” > 12km depth signal.
- SRK (2006) interprets a thrust fault at the same location.

Source: Company reports

Figure 33. >4 km strike and growing



New 2019 Discovery of 4+ Kilometre Continuous Gold Zone – the LP Fault

Source: Company reports

Figure 34. Great Bear valuation table at \$1,650/oz Au

	US\$ MM	US\$ Per Share
Assets		
Dixie Resource Forecast at US\$50 EV/oz	225.0	5.22
Other Exploration Assets	75.0	1.74
Corporate Adjustments		
Current Cash	20.6	0.48
Cash from Warrants/Options ITM at Target	8.2	0.19
Debt	0.0	0.00
Total US\$	328.8	7.6
Sum of the Parts NAVPS (C\$)	C\$463.1	C\$10.75
Basic Shares Out		35.4
ITM Options and Warrants Out		7.73
Fully Financed & Diluted Shares Out		43.1
Current GBR CN Share Price		C\$8.00
P/NAV		0.74

Source: Stifel GMP

Figure 35. Resource forecast sensitivity table

		Resource Forecast (MMoz)			
		4.00 MMoz	4.50 MMoz	5.00 MMoz	5.50 MMoz
EV/oz (US\$)	\$40/oz	\$8.43	\$9.07	\$9.71	\$10.34
	\$45/oz	\$9.07	\$9.78	\$10.50	\$11.22
	\$50/oz	\$9.71	\$10.50	\$11.30	\$12.10
	\$55/oz	\$10.34	\$11.22	\$12.10	\$12.98
	\$60/oz	\$10.98	\$11.94	\$12.90	\$13.86
	\$65/oz	\$11.62	\$12.66	\$13.70	\$14.74
	\$70/oz	\$12.26	\$13.38	\$14.50	\$15.62
	\$75/oz	\$12.90	\$14.10	\$15.30	\$16.49

Source: Stifel GMP

GT Gold**BUY**

GTT-TSXV

April 17, 2020

Last: **C\$1.27**
Target: **C\$2.90****Initiating coverage: Peerless Canadian project led by Tier-1 management**

GT has defined a large system (we model >10 MMoz AuEq) in an infrastructure-rich Canadian camp. The company is an ultra high conviction take-out candidate; Newmont owns 14.9%.

We are launching on GT with a C\$2.90 target and BUY rating.

GT is a very young company, having made its first discovery in mid-2017 (i.e. the Saddle South vein deposit – incl. 51.5 g/t Au over 6.95 m) at the Tatogga project in the Golden Triangle region of B.C. However GT soon found the limits of this smaller deposit (we model 600 koz AuEq of O/P resource) and the stock sold off into that winter drilling hiatus. Flash forward to the 2018 season when GT tested its second target (Saddle North) which has evolved into a Tier-1 porphyry discovery that has returned multiple >900 grade-x-thickness intervals (e.g. 904 m at 0.98 g/t AuEq incl. 363 m at 1.81 g/t AuEq).

The discovery hole launches Saddle North alongside the industry's best producers and we believe there is no scenario where Saddle North does not drive a >C\$1.0 BB NPV5% at our metal deck. The discovery success has resulted in a lot of stock churn as early retail investors are replaced with institutional money and Newmont recently evoked a right to increase its interest in the project to 14.9% (average cost base of C\$0.99/shvs the current share price of C\$1.27). This is notable as Newmont has been in general divestment mode. The incoming investor base catalyzed a management upgrade with Renaud Adam's (ex-Richmont CEO, current New Gold CEO) joining the Board and the C-suite is largely ex-Goldcorp and Randgold (including Paul Harbidge, Mike Skead and Shawn Campbell).

Valuation: Our GT model is one of the simplest we have built. Our inputs come from the Red Chris analog next door and drives a \$589 MM NPV8% and C\$3.24 NAV at our base case price deck (\$1,650/oz Au and \$3.10 Cu LT) on a fully funded/diluted basis (assume \$500 MM capex is 50% equity funded).

Catalysts in 2020: A maiden resource for Saddle North is due in Q2/20 which should crystalize our view that this is >10 MMoz project followed by a maiden PEA in Q4/20 that we expect will show a project similar or better to Red Chris, which recall was valued at >\$1 BB by Newcrest in a 2019 JV transaction ([link](#)).

Basic Stats			
Producer	No	Basic S/O	122.93 M
Share Price	C\$1.27	FD S/O	134.15 M
52-Week High	C\$1.49	Management	15.49 M
52-Week Low	C\$0.66		
NAV	C\$3.24	P/NAV	0.39x

Balance Sheet (MM)			
Cash	\$13.1	Mkt Cap	\$110.8
Debt	\$0.0	EV	\$97.8

Resource/Reserve - AuEq			
Current Resource	0.00 Moz	Forecast	10.2 Moz
EV/oz Current	N/A	EV/oz Forecast	\$9.6

All currency figures in US\$ unless otherwise noted

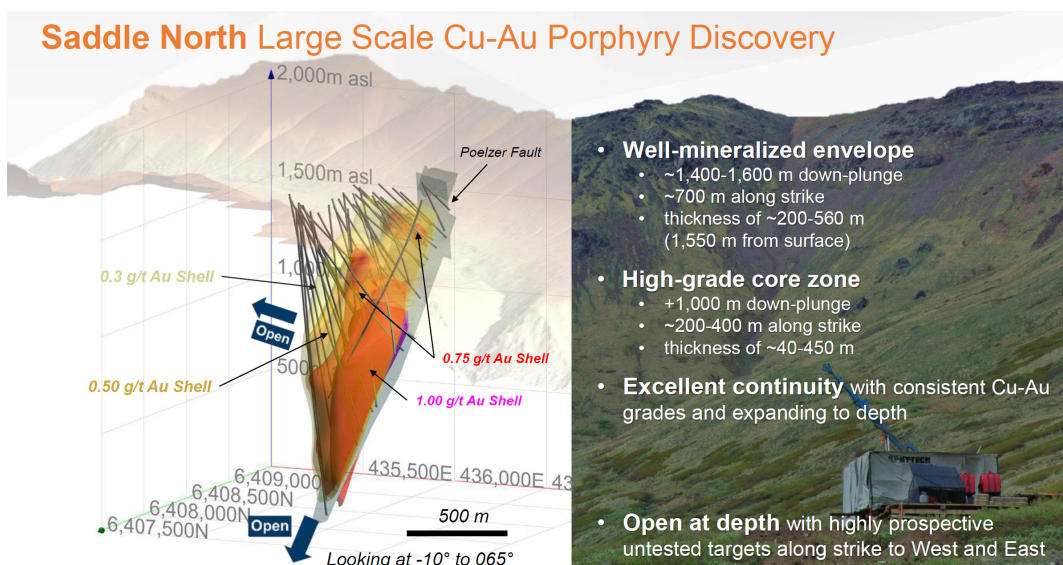
 [Current Chart](#)

 [Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

Figure 36. Rapid discovery of Tier-1 porphyry (cross section shown)



Source: Company reports

Figure 37. As good or better than >\$1 BB Red Chris data point

Company		Imperial/Newcrest	GT Gold	Δ (%)
Value		JV Valued at >\$US\$ 1 BB	Current EV (\$MM) is \$97.8	
Asset		Red Chris O/P	Saddle North O/P	
Status		Producing	Pre-Resource	
Source		2018 Actuals & Tech Report	Stifel GMP	
Au Grade	(g/t)	0.26	0.45	74%
Cu Grade	(%)	0.34	0.40	18%
Max Throughput	(tpd)	30,000	25,000	-17%
Strip Ratio	(W:O)	1.25	2.13	71%
Pre-Production Capex	(US\$ MM)	470	500	6%
Mining Cost	(US\$/t rock)	1.40	2.70	92%
Processing Cost	(US\$/t ore)	2.75	3.80	38%
G&A Cost	(US\$/t ore)	1.01	1.50	49%
2016-2018 Actual Opex	(US\$/t ore)	15.7	13.8	-12%
Gold Recovery	(%)	46%	68%	49%
Copper Recovery	(%)	75%	88%	17%

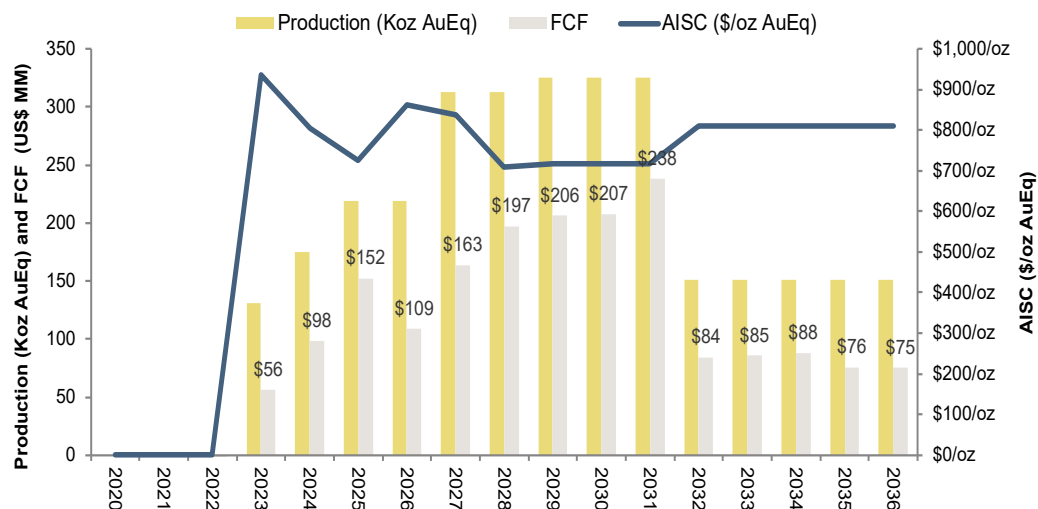
Source: Company reports, Stifel GMP

Figure 38. GT Gold valuation table at \$1,650/ozAu and \$3.10/lb Cu

	US\$MM	US\$ Per Share
Mining Assets		
Saddle North NPV8%	589.8	1.53
Saddle South Resource Forecast at \$30/oz	18.0	0.05
Regional Properties (Nominal Spinout Value)	10.0	0.03
Corporate Adjustments		
Current Cash	13.1	0.03
Cash from Warrants/Options ITM at Target	5.1	0.01
Cash from Equity Funding	250.0	0.65
Total	886.0	2.30
Sum of the Parts NAVPS	C\$1,247.9	C\$3.24
Basic Shares Out		122.93
ITM Options and Warrants Out		11.22
New Shares To Fund Capex		251.51
Fully Diluted & Funded Shares Out		385.66
Current GTT CN Share Price		C\$1.27
Price/NAV		0.39x

Source: Stifel GMP

Figure 39. Production/cost/FCF profile – Saddle North



Source: Stifel GMP

K92 Mining^{1,11}

BUY

KNT-TSXV

April 17, 2020

Last: **C\$3.92**
 ▲ Target: **C\$6.00**

Transferring coverage: Organic growth machine

K92 Mining is ramping production at breakneck pace, driven by the “disruptive” discovery of the wide/high-grade Kora Zone. The company is among the best positioned to weather COVID.

We are transferring coverage of K92 Tyron Breytenbach with a C\$6.00 target and BUY rating. Our prior Rating was BUY, target C\$5.00.

Recall that K92 shot to prominence in 2017 on the back of a discovery (Kora North) that increased grades from 8 to 20 g/t AuEq. Additionally, the new zone proved to be wider, more continuous and with a simpler recovery profile than historical production areas.

The talented and experienced management team reacted quickly to the discovery and via a series of low-cost improvements to the existing mine and mill and are deep into a Phase 2 expansion that will boost production >35% in 2020 and >150 Koz at its peak (2022). The imminent resource update (we are targeting >5 MMoz AuEq) will render Phase 2 obsolete almost as soon as it is complete and management is already oversizing certain key infrastructure items (e.g. twin decline) to support the next phase of growth which include a full mill rebuild allowing the large resource to drive a >350 Koz production scenario.

PNG is Tier-1 Porphyry territory and the early technical exploration success confirms that K92 has found the edges of large intrusive. Likely growth at the existing epithermal deposit (Kanaintu), parallel epithermal systems and the related intrusives will in our view ultimately drive a 5-10 MMoz camp. That is a rare growth path for a junior and the company in our view already has the management depth and funding access to grow into the next gold mid-tier.

Valuation: K92 trades at just 0.64x our base case NAV at \$1,650/oz (includes Phase 2 and 50% option value for Phase 3 expansion).

Catalysts in 2020: The glaring catalyst is the resource update and ongoing resource expansion as the drill bit is already well ahead of the volume used in the pending resource. Other key catalysts include the addition to the GDXJ index in Q2/20 and a PEA for Phase 3.

Snapshot			
Producer	Yes	Basic S/O	223.57 M
Share Price	C\$3.92	FD S/O	240.46 M
52-Week High	C\$4.47	Management	24.59 M
52-Week Low	C\$1.27		
NAVPS	C\$6.09	P/NAV	0.64x
Spot NAV	C\$6.36	Spot P/NAV	0.62x

Balance Sheet (MM)			
Cash	\$22.0	Mkt Cap	\$622.2
Debt	\$13.0	EV	\$613.2

Resource/Reserve			
Current Resource	3.00 MMoz	Forecast	5.00 MMoz

Financials					
	Fiscal YE	Dec. 31	2019A	2020E	2021E
Production (000 oz)	Q1		19.8	19.9	A
	Q2		19.6	26.3	
	Q3		19.2	33.8	
	Q4		23.6	41.3	
	FY		82.2	121.4	142.5
Cash Cost (\$/oz)	FY		\$499	\$535	\$507
AISC (\$/oz)	FY		\$655	\$739	\$633
EPS	Q1		\$0.03	\$0.04	
	Q2		\$0.03	\$0.08	
	Q3		\$0.02	\$0.11	
	Q4		\$0.11	\$0.13	
	FY		\$0.18	\$0.35	\$0.42
P/E			15.8x	7.9x	6.6x
CFPS	Q1		\$0.08	\$0.04	
	Q2		\$0.05	\$0.08	
	Q3		\$0.03	\$0.11	
	Q4		\$0.11	\$0.13	
	FY		\$0.27	\$0.35	\$0.42
P/CF			10.4x	7.9x	6.6x

* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz

All currency figures in US\$ unless otherwise noted

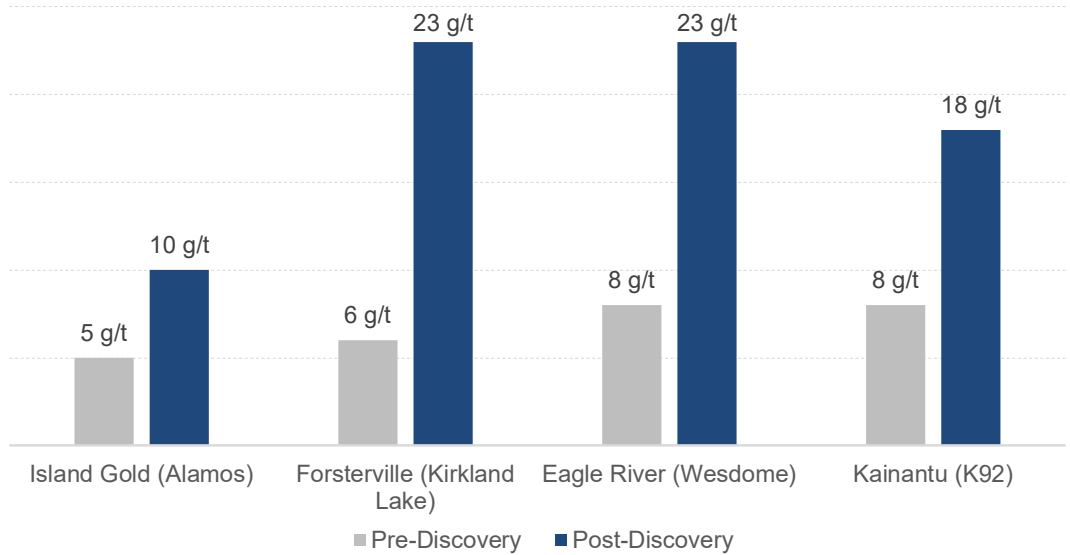
[Current Chart](#)

[Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

Figure 40. Discovery drives FCF inflection



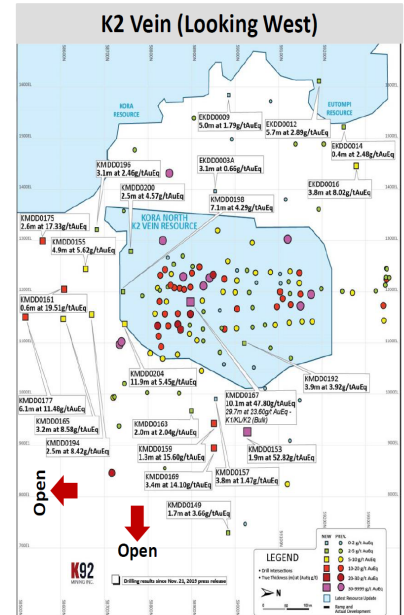
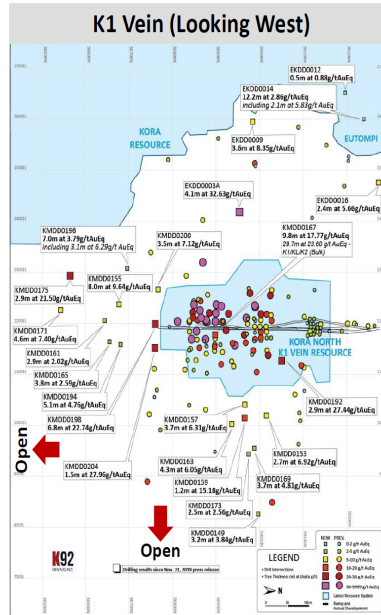
Source: Company reports

Figure 41. Hot drill bit shows resource/NAV growth still logarithmic

Latest Drilling Results Long Section

Kora North Drilling Key Facts

- Drilling has demonstrated a high hit rate to date for both thickness & high grade:
- **+5g/t AuEq Hit Rate = 61% K1; 57% K2**
- **+10g/t AuEq Hit Rate = 32% K1; 33% K2**
- **+20g/t AuEq Hit Rate = 18% K1; 13% K2**
- UG development has supported this by demonstrating good continuity
- **+10% positive grade reconciliation**
- **Tonnage reconciliation moderately positive**
- Significant high-grade areas defined by drilling are open up-dip, down-dip and along strike (to the South)
- 3 Drill Rigs from Underground, 2 From Surface



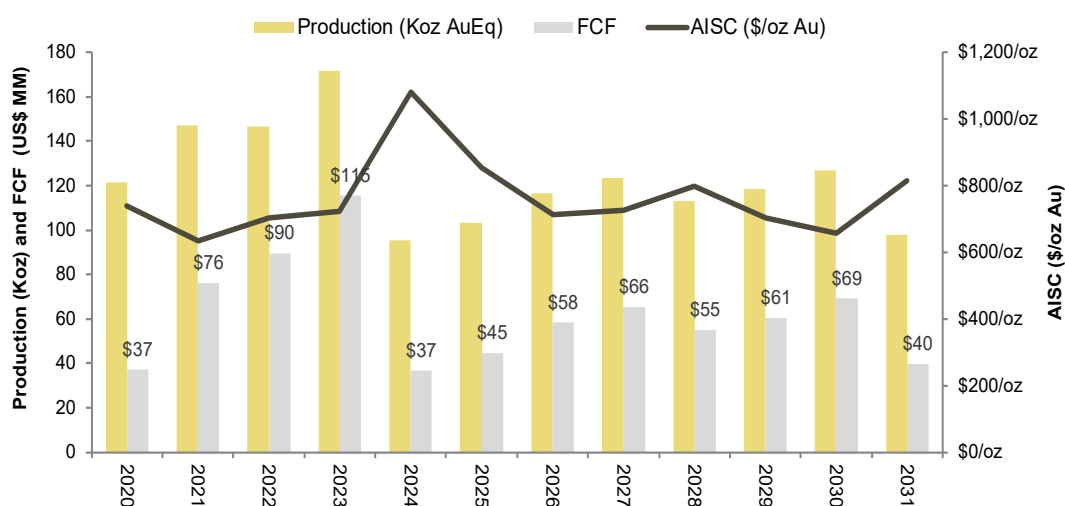
Source: Company reports

Figure 42. K92 valuation table at \$1,650/oz Au

	US\$MM	US\$ Per Share
Mining Assets		
Phase 2 of Kainantu (100%), PNG - NPV _{5%}	651.0	2.71
Regional exploration	50.0	0.21
Phase 3 Expansion (50% Option Value)	318.4	1.32
Corporate Adjustments		
Current Cash	22.0	0.09
Cash from Warrants/Options ITM at Target	12.0	0.05
Debt	(13.0)	(0.05)
Total US\$	1,040	4.3
Sum of the Parts NAV (C\$)	C\$1,465	C\$6.09
Basic Shares Out		223.6
ITM Options and Warrants Out		16.89
Fully Diluted Shares Out		240.5
Current KNT CN Share Price		C\$3.92
Price/NAV		0.64x
Price/CF (2020)		7.9x

Source: Stifel GMP

Figure 43. Production/cost/FCF profile – Kainantu Phase 2 Only



Source: Stifel GMP

Liberty Gold

BUY

LGD-TSX

April 17, 2020

Last: **C\$1.14**
Target: **C\$3.30**

Initiating coverage: Great Basin resource growing at light speed

Liberty has sold non-core assets and re-deployed capital to the core oxide projects in the US as it hurtles to our >2 MMoz resource forecast.

We are launching on Liberty with a C\$3.30 target and BUY rating.

Liberty Gold has emerged out of the predecessor Pilot Gold story and since taking the helm as CEO in 2016, Cal Everett has refocused the company by selling non-core assets in Turkey and Nevada to raise >\$25 MM in cash which will be re-deployed at two past-producing oxide development assets in Idaho (Black Pine - we forecast 2 MMoz high grade oxide resource) and Utah (Goldstrike PEA outlined 29% IRR at \$1,300/oz).

Liberty just announced the launch of its 2020 drill program at Black Pine and will continue to operate during the COVID-19 pandemic with appropriate precautions. We expect Liberty to exceed the 21,000 m it drilled last year and is no longer permit constrained. Recall that our view of the asset is that the seemingly discreet "pods" of mineralization in the under-tested lithology below the past producing pits appear to be blending into one "super pit".

Valuation: Based on a starter resource of 1.5 MMoz we expect Black Pine to drive a 140 koz/yr. production and a spot IRR of >60%. The exceptional returns are primarily the result of the existing site infrastructure (capex is estimated at just \$225 MM for our 20,000 tpd base case heap leach model) and a cohesive sub-zone resource forecast of >700 koz at >1.0 g/t oxide. The combined NAV of Black Pine and Goldstrike (after accounting for the assumed equity dilution to fund Black Pine) is C\$3.71/sh at \$1,650/oz Au.

Catalysts in 2020: An updated resource for Black Pine and ongoing aggressive drilling should confirm our view that the asset is one of the few senior-sized resources in the US. The low capex and straight-forward (O/P Heap Leach) mine plans should further support takeover interest and the company has no need for external equity this year and is about as insulated as a developer can be during the pandemic. Other potential catalysts include ongoing asset sales (TV Tower in Turkey has been deemed non core).

Basic Stats			
Producer	No	Basic S/O	236.99 M
Share Price	C\$1.14	FD S/O	293.75 M
52-Week High	C\$1.44	Management	25.00 M
52-Week Low	C\$0.33		
NAV	C\$3.71	P/NAV	0.31x
Spot NAV	C\$3.91	Spot P/NAV	0.29x

Balance Sheet (MM)			
Cash	\$18.1	Mkt Cap	\$191.8
Debt	\$0.0	EV	\$252.1

Resource/Reserve			
Current Resource	2.0 Moz	Forecast	3.5 Moz
EV/oz	\$124.2	EV/oz Forecast	\$71.2

* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz

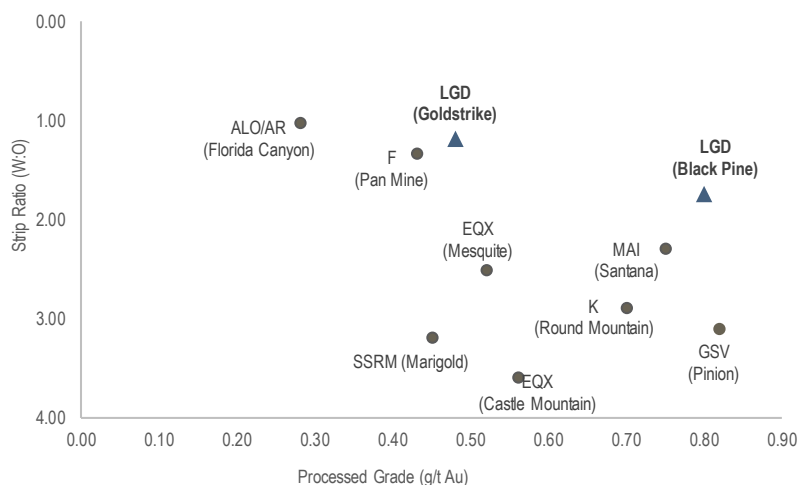
All currency figures in US\$ unless otherwise noted

[📊 Current Chart](#)[📄 Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

Figure 44. Two low-strip/high grade oxide assets in the Great Basin



Source: Company reports, Stifel GMP

Figure 45. Streamlining portfolio, raising cash

TRADING PROJECTS FOR PROJECTS



Treasury	Value (C\$)	Notes
March 26, 2020	\$21.5 million	Black Pine Exploration Budget fully covered

BLACK PINE + GOLDSTRIKE + UNLOCKING PROJECT VALUES (excludes – TV Tower)

Projects	Value (C\$)	Notes
Halilağa	\$29.70 million	First Payment: November 2019 - \$5.4 million Next payment: August 2020 - \$8.1 million
Kinsley	\$10.12 million	First Payment: Q2 2020
Regent NPI	\$1.10 million	Closed March 2020
Griffon	\$0.44 million	Closed March 2020
TOTAL	\$41.36 million	

IN THE MONEY WARRANT FINANCING as at March 26, 2020

Warrants outstanding	Value (C\$)	Notes
11.9 million	\$7.7 million	Strike Price: \$0.65; Expiry - January 26, 2021
23.3 million	\$14.0 million	Strike Price: \$0.60; Expiry - October 2, 2021
TOTAL	\$21.7 million	

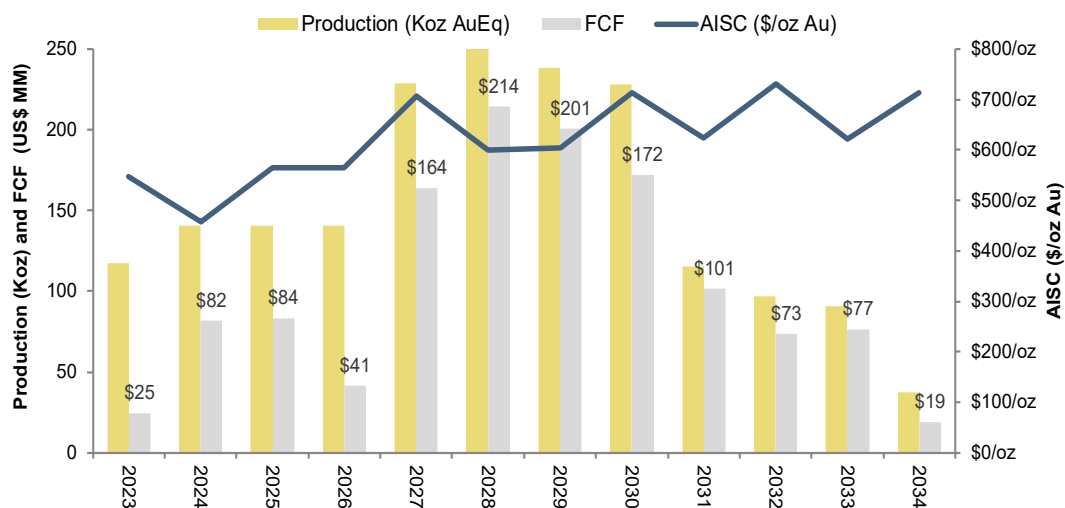
Source: Company reports

Figure 46. LGD valuation at \$1,650/oz Au

	US\$MM	US\$ Per Share
Mine/Exploration Assets		
Black Pine (100%) - NPV _{5%}	550.7	1.49
Goldstrike (100%) - NPV _{5%}	261.2	0.71
TV Tower (60%), Turkey - 0.81 MMoz AuEq at \$2	16.2	0.04
Corporate Adjustments		
Current Cash	12.9	0.03
Receivables from asset sales	26.5	0.07
Proceeds from Future Equity Financing	84.5	0.23
Cash from Warrants/Options ITM at Target	22.0	0.06
Debt	0.0	0.00
Total US\$	973.9	2.64
Sum of the Parts (C\$)	C\$1,371.7	C\$3.71
Basic Shares Out		237.0
ITM Options and Warrants Out		53.0
New Shares to Fund Capex at C\$1.50/sh		79.4
Fully Financed & Diluted Shares Out		369.4
Current Liberty Gold Share Price		C\$1.14
Price/NAV		0.31x

Source: Stifel GMP

Figure 47. Production/cost/FCF profile – Black Pine and Goldstrike



Source: Stifel GMP

O3 Mining

BUY

OIII-TSXV

April 17, 2020

Last: **C\$1.63**
Target: **C\$4.90**

Initiating coverage: Guns blazing in Val-d'Or

O3 holds a dominating position in Quebec's established gold camps. Most assets are geologically interesting but neglected. We suggest investors take a look before the aggressive approach (that Osisko are known for) begins.

We are launching on O3 with a C\$4.90 target and BUY rating.

Recall that O3 was created in 2019 via the spin-out of all assets that were not synergistic with Osisko Mining's Windfall project. The assets are spread through Ontario and Quebec and the largest by value is Marban (64%) which is a potential satellite pit to the large Canadian Malartic JV co-owned by Agnico Eagle and Yamana. The deposit was on the radar of the original owner ("Osisko Mining") prior to its acquisition. Marban is higher grade (1.6 MMoz at 1.29 g/t Au vs Malartic 2020 grade of 1.15 g/t Au) and materially softer (easier on grinding equipment) than the hard Malartic ore. However, a high strip ratio is an issue and the asset needs more drilling but it remains an interesting target for this large producing mine.

The immediate focus for O3 is actually the assets brought in more recently via the hostile bid for Alexandria Minerals in 2019. Recall that Agnico made a 60% premium offer for Alexandria which was later topped by O3 to acquire a large but neglected land package in east Val-d'Or. The project reminds us of both Windfall and Canadian Malartic in that it has evidence of mineralization across many kilometres of a crustal scale fault but has been only lightly drilled tested at shallow elevations. The aggressive Osisko exploration model ("drill it or kill it") will now be deployed with a 50,000 m 2020 drill program easily funded by the C\$32 MM in current cash.

Valuation: We value Marban on a DCF basis and assume the only capex (\$80 MM) is to construct a new O/P mine and truck the ore to the nearby Malartic mill for toll treatment (results in NPV5% of \$265 MM at \$1,650/oz). We also carry the remaining compliant resources at \$20/oz and we dial in zero resource growth for the aggressive 2020 drill campaign, to demonstrate how mispriced this equity is, with an EV/oz of just C\$6.30/oz and below the value prior to the Alexandria deal.

Catalysts in 2020: As with the other Osisko stories, the major catalyst will be breakthrough in the drilling success rate. This usually occurs once aggressive drilling flushes out a plunge or other geological control.

Basic Stats			
Producer	No	Basic S/O	46.17 M
Share Price	C\$1.63	FD S/O	54.67 M
52-Week High	C\$4.00	Management	6.00 M
52-Week Low	C\$1.06		
NAV	C\$6.54	P/NAV	0.25x
Spot NAV	C\$7.02	Spot P/NAV	0.23x
Balance Sheet (MM)			
Cash	\$21.7	Mkt Cap	\$53.4
Debt	\$0.0	EV	\$31.8
Resource/Reserve			
Current Resource	5.08 Moz		
EV/oz Current	\$6.3		
* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz			

All currency figures in US\$ unless otherwise noted

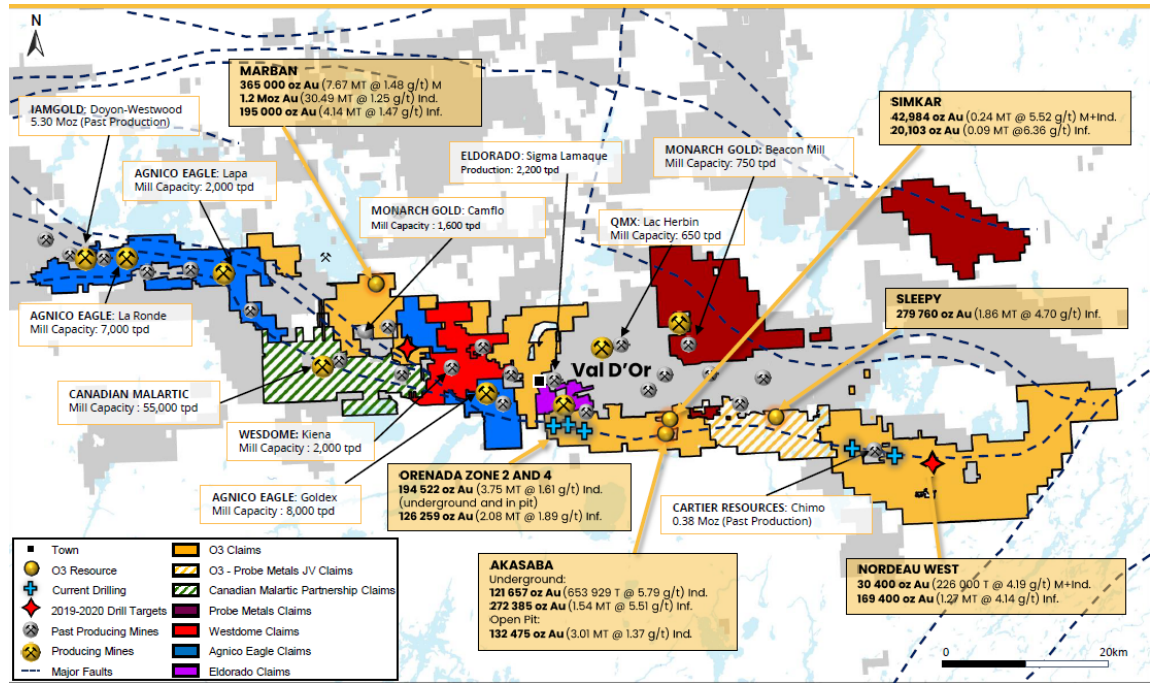
 [Current Chart](#)

 [Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

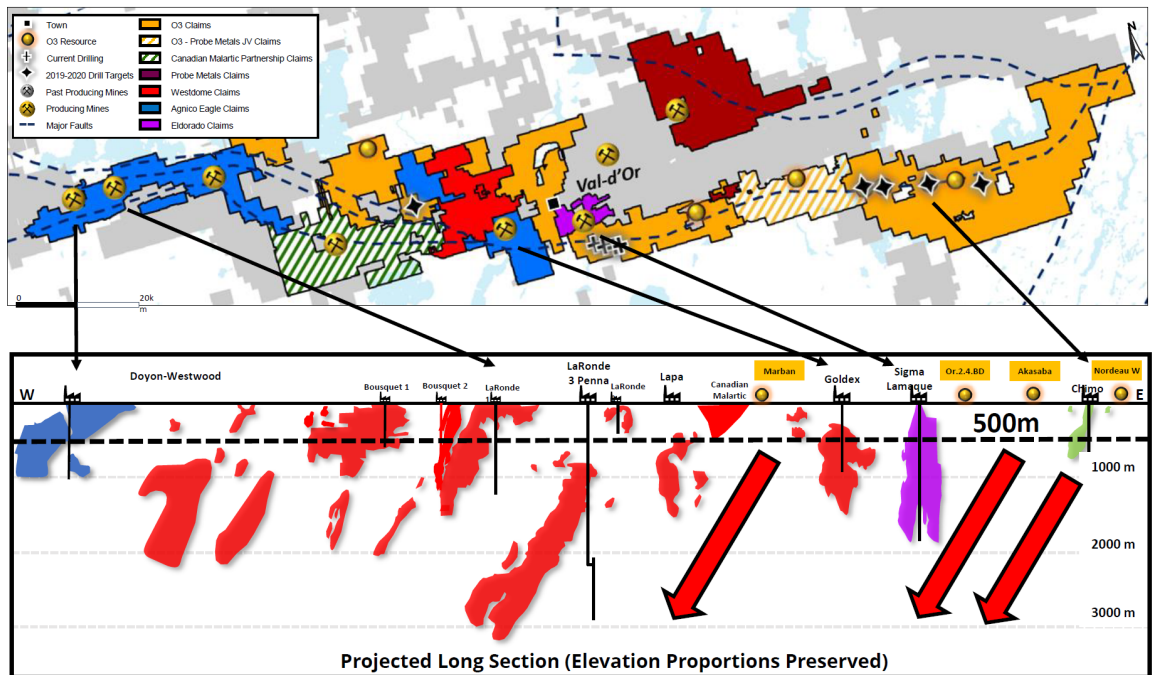
(416) 941-6781

Figure 48. Consolidating core Val-D'Or land position



Source: Company reports

Figure 49. O3 targets are un-tested at depth in a camp that is world famous for big/deep mines



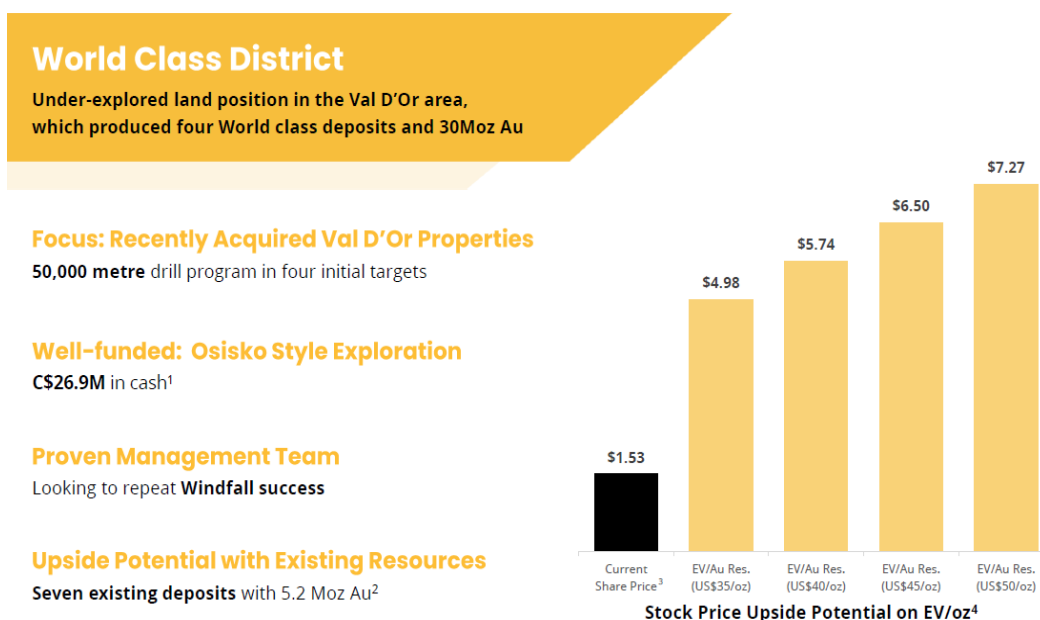
Source: Company reports

Figure 50. OIIL valuation table at \$1,650/ozAu

	US\$MM	US\$ Per Share
Assets		
Marban (100%), Val d'Or - NPV _{5%}	264.9	2.96
Garrison - 1.99 MMoz at \$20/oz in-situ	39.8	0.44
Akasaba - 527 Koz at \$20/oz in-situ	10.5	0.12
Orenda - 321 Koz at \$20/oz in-situ	6.4	0.07
East Cadillac - 177 Koz at \$20/oz in-situ	3.5	0.04
Sleepy (40%) - 280 Koz at \$20/oz in-situ	5.6	0.06
Corporate Adjustments		
Working Capital	21.7	
Proceeds from Future Equity Financing	40.0	0.45
Cash from Warrants/Options ITM at Target	22.9	0.26
Debt	0.0	0.00
Total	\$415.3	\$4.64
Sum of the Parts NAV (C\$)	C\$584.9	C\$6.54
Basic Shares Out		46.2
ITM Options and Warrants Out		8.1
New Shares to Fund Capex at C\$1.60/sh		35.2
Fully Financed & Diluted Shares Out		89.5
Current O3 Resources Share Price		C\$1.63
Price/NAV		0.25x

Source: Stifel GMP

Figure 51. Very inexpensive on in-situ basis



Source: Company reports

Osino Resources

Speculative Buy

OSI-TSXV

April 17, 2020

Last: **C\$0.76**
Target: **C\$1.85**

Initiating coverage: Auryx team is back in Namibia

Osino has made a chunky discovery in one of our preferred mining geographies. The team is backed by Ross Beaty and has already found/engineered and sold a comparable asset.

We are launching on Osino with a C\$1.85 target and Speculative Buy rating.

Auryx has already made a substantial discovery in Namibia (“Twin Hills”). Recall that this team found, engineered and sold the Otjikoto project to B2 Gold (BTO-TSX, BUY, \$6.80 target) in 2012 and that asset has proved to be a simple but steady and low cost O/P mine (166 Koz at \$833/oz AISC 2015-2019). Osino is based largely in-country has a natural advantage in Namibia acquiring the largest and in our view best position in the country outside of the two producing assets (B2’s Otjikoto and QKR’s Navachab).

Auryx made the discovery (Twin Hills) by applying a novel soil geochem tool commonly used in Australia that can see below the desert cover and drilled up to 1.40 g/t Au over 92 m. That discovery has already been extended over a >1.2 km strike extent and most exciting of all, the early results are on track to surpass the initial drilling at Otjikoto (the first 31 holes drilled at Twin Hills has a grade-x-thickness value of 51 gram-meters (“GT”) vs the first 31 holes at Otjikoto which averaged 33 gram-meters).

Recall that Namibia is often termed “Africa for beginners” as a result of its safe/secure democracy, low population density and advanced infrastructure and mining talent. The local currency is pegged to the South African Rand and has declined substantially against the USD yet local purchasing power is roughly unchanged (e.g. it costs about the same to drill a meter of core in 2020 as it did in 2012). This is a great place to build a mine, we love the classic orogenic geology and Osino controls the best part of the district (6,700 km²).

Valuation: Twin Hills is simple to model as we use B2’s input unit cost profile and dial in a resource of 1.5 MMoz at an average grade of 1.25 g/t Au but the real cost drivers are the low forecast strip (2:1) and favourable cost structure due to the location and currency benefits as well as the ability to stage higher grade pods (>2.0 g/t) in the earlier years of the mine plan. We use a 0.8x NAV target multiple given the early stage (pre-resource) of the asset.

Catalysts in 2020: Catalysts will centre on the 2020 drill program; this may be like shooting fish in the barrel as the big >200 m step-outs are done.

Basic Stats

Producer	No	Basic S/O	75.02 M
Share Price	C\$0.76	FD S/O	94.66 M
52-Week High	C\$1.07	Management	9.75 M
52-Week Low	C\$0.31		
NAV	C\$2.28	P/NAV	0.33x
Spot NAV	C\$2.39	Spot P/NAV	0.32x

Balance Sheet (MM)

Cash	\$10.7	Mkt Cap	\$40.5
Debt	\$0.0	EV	\$46.4

Resource/Reserve

Current Resource	N/A	Forecast	2.00 Moz
		Forecast EV/oz	\$23.2

* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz

All currency figures in US\$ unless otherwise noted

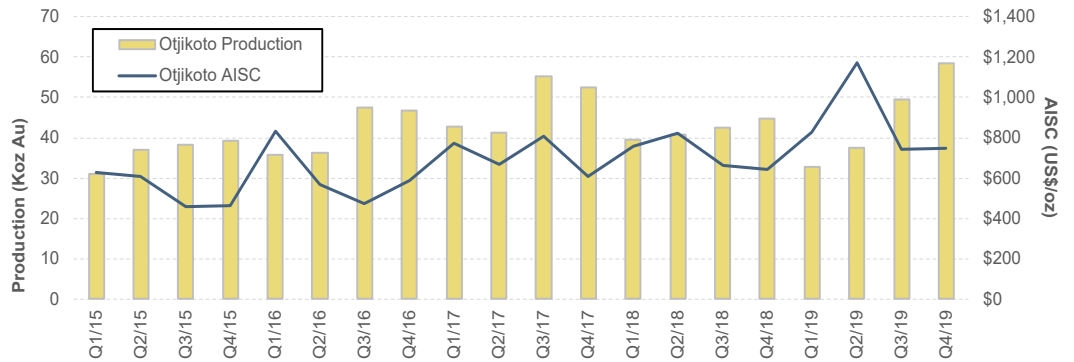
 [Current Chart](#)

 [Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

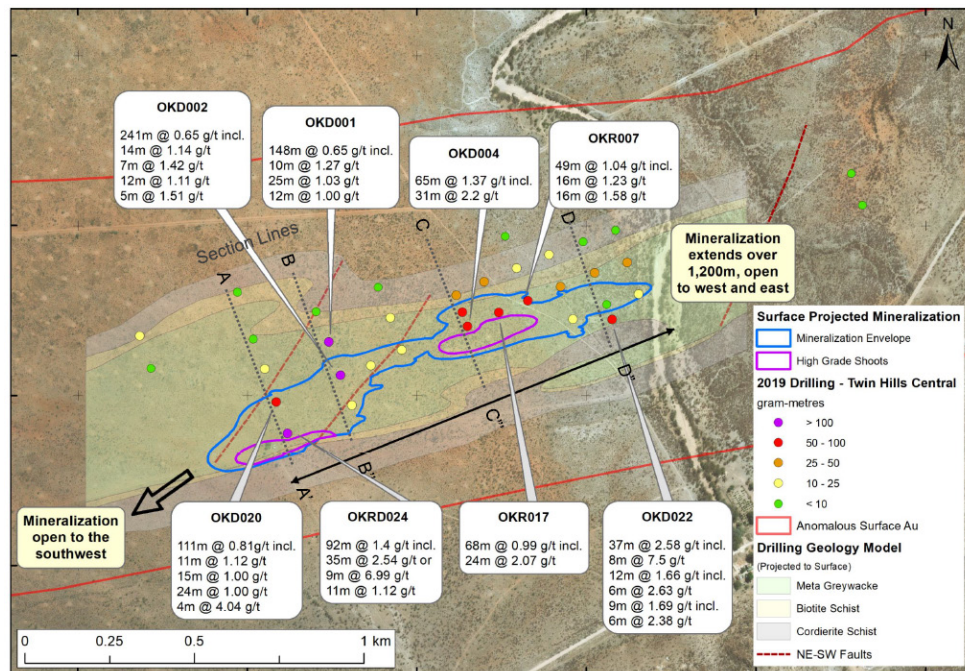
(416) 941-6781

Figure 52. Otjikoto (potential TH analog) has been a steady producer for B2



Source: Company reports

Figure 53. Our sectional resource estimate suggests 2 MMoz are on the table



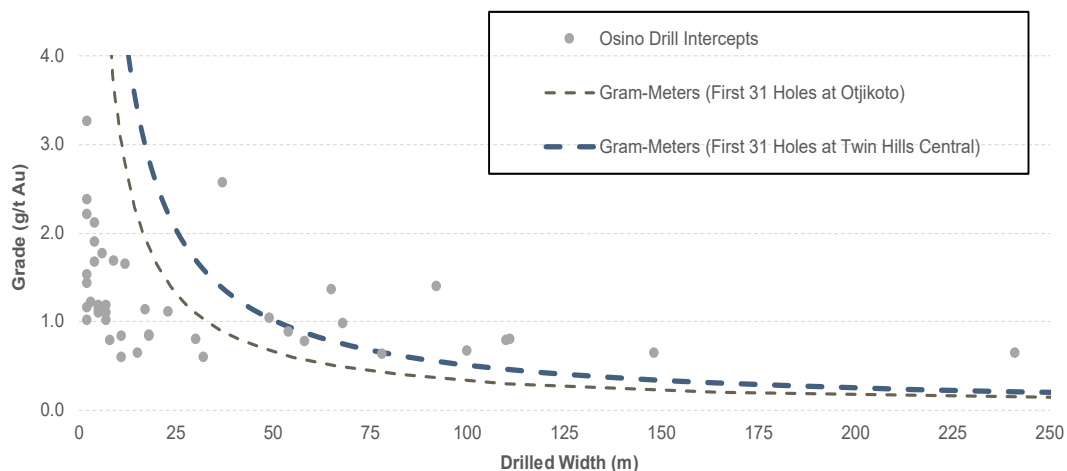
Source: Company reports

Figure 54. OSI valuation table at \$1,650/oz Au

	US\$MM	US\$ Per Share
Assets		
Twin Hills (100%) NPV _{5%}	405.4	1.17
Regional Exploration (nominal)	10.0	0.03
Corporate Adjustments		
Current Cash	10.7	0.03
Proceeds from Future Equity Financing	125.0	0.36
Cash from Warrants/Options ITM at Target	10.1	0.03
Debt	0.0	0.00
Total	\$561.1	\$1.62
Sum of the Parts NAV (C\$)	C\$790.3	C\$2.28
Basic Shares Out		75.0
ITM Options and Warrants Out At Target		19.6
New Shares to Fund Capex at C\$0.70/sh		251.5
Fully Financed & Diluted Shares Out		346.2
Current OSI CN Share Price		C\$0.76
Price/NAV		0.33x

Source: Company reports, Stifel GMP

Figure 55. Grade x width curve on-par/better than Otjikoto at this early stage



Source: Company reports

Premier Gold⁷**BUY**

PG-TSX

April 17, 2020

Last: **C\$1.74**
Target: **C\$4.10****Initiating coverage: Time to unleash Hardrock's trapped value**

Premier is appealing based on a conceptual break-up scenario. The broad asset value (Red Lake, Hardrock, McCoy-Cove, etc.) is trapped under the producing assets. Expect a catalyst soon.

We are launching on Premier with a C\$4.10 target and BUY rating.

Premier has always been dynamic on the M&A front (owns several assets) but the market has up until recently been focused on valuing the producing assets only; Mercedes (Mexico) and the Arturo JV (Nevada) with Barrick are both coming out of weaker mine plan years. Mercedes in particular has been an underperformer due to geological challenges which are now on the way to being addressed (we forecast an AISC decline to \$773/oz in 2020). The producing assets however, make up just 14% of our NAV and the recent press release out of Premier (i.e. 3rd part \$205 MM cash offer for Centerra's 50% of Hardrock - [link](#)) demonstrates that the interest in the Hardrock JV alone is worth more 2/3 of PG's market cap.

Our view is that Centerra is preferring to build cash reserves and focus on dividends but we do not believe that is a reflection on Hardrock's asset quality (we are looking for a 32% post-tax IRR at \$1,650/oz), which for a project of this scale in sub-arctic Canada is arguably as good as it gets. Recall that PG argues that a production decision has already been triggered but Centerra is disputing that in an Ontario court.

The bottom line here is that PG's producing assets are climbing out the penalty box and showing improving grades and scale and Premier is not receiving value for the bulk of its development asset base. As such we expect a transaction in some form will materialize to unlock that value. We also flag that the balance sheet is safe until a construction decision is confirmed at Hardrock but Premier has stated it essentially has capex funding on standby. We also note that the CEO (Ewan Downie) is a large shareholder (2%) and all assets are in North America, limiting geographic risk.

Valuation: Our NAV for Premier is largely carried by Hardrock carrying 57% of our C\$5.88 NAV at \$1,650/oz. At 0.30x NAV the stock trades at the low of even the developer group. A recent 3rd party bid (turned down by CG) valued 50% of Hardrock at >\$205 MM (more than PG's current EV).

Catalysts in 2020: The most immediate catalyst will be a resolution to the production decision stand-off at Hardrock.

Snapshot			
Producer	Yes	Basic S/O	210.46 M
Share Price	C\$1.74	FD S/O	251.20 M
52-Week High	C\$2.55	Management	5.58 M
52-Week Low	C\$0.85		
NAVPS	C\$5.81	P/NAV	0.30x
Spot NAVPS	C\$6.14	Spot P/NAV	0.28x

Balance Sheet (\$MM)			
Cash	\$60.0	Mkt Cap	\$260.0
Debt	\$17.5	EV	\$217.5

Resource/Reserve			
Resource	11.9 Moz	Reserve	2.99 Moz

Financials				
Fiscal YE Dec. 31	2019	2020E	2021E	
Production (000 oz)	Q1 17.6 A	23.2		
	Q2 15.9 A	23.2		
	Q3 17.4 A	23.7		
	Q4 16.9 A	23.7		
	FY 67.4 A	93.9	146.7	
Cash Cost (\$/oz)	FY \$936	\$708	\$673	
AISC (\$/oz)	FY \$1,218	\$773	\$706	
EPS	Q1 \$(0.00)	\$ 0.01		
	Q2 \$(0.05)	\$ 0.01		
	Q3 \$(0.02)	\$ 0.01		
	Q4 \$(0.02)	\$ 0.01		
	FY \$ (0.09)	\$ 0.04	\$ 0.13	
CFPS	Q1 \$(0.00)	\$0.07		
	Q2 \$(0.01)	\$0.07		
	Q3 \$(0.02)	\$0.09		
	Q4 \$(0.02)	\$0.09		
	FY \$(0.06)	\$0.32	\$0.59	
P/CF		3.82x	2.10x	

* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz

[Current Chart](#)

[Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

Figure 56. Has PG made its final low on Hardrock offer?

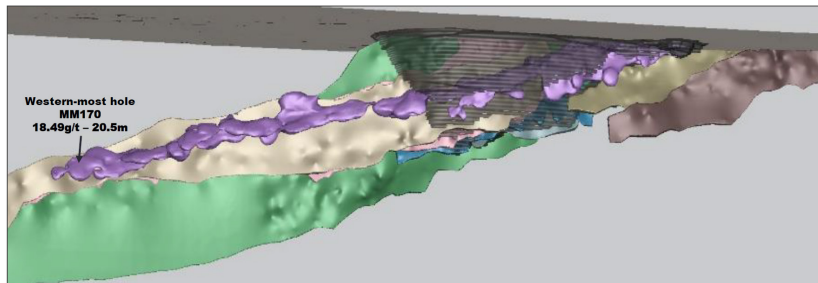


Source: Stockcharts

Figure 57. Our O/P IRR (32%) ignores clear U/G and regional O/P upside

Upside Opportunities

- Large land package with 4 deposits identified and multiple exploration targets
- Only the Hardrock open pit considered in the economic study – underground deposit remains open down-plunge
- The nearby, Brookbank and Key Lake deposits offer further upside
- Updated mineral resource estimate represents a 21% increase in grade, 26% increase in ounces and 4% increase in tonnes versus measured and indicated O/P mineral resources reported in the 2016 Feasibility Study
- Updated Economic Study delivered in December 2019



Source: Company reports

Figure 58. PG valuation table at \$1,650/oz Au

	Ownership	C\$MM	C\$ Per Share
Hardrock JV (PG/CG)			
Hardrock NPV5%	50%	1,145.0	\$2.29
Discounted value of remaining CG cash contribution	100%	40.8	\$0.08
Hardrock U/G Resource at \$30/oz	50%	90.8	\$0.18
Brookbank Resource Nominal Spico Value	50%	10.0	\$0.02
Nevada JV (with Barrick)			
South Arturo NPV5%	40%	129.8	\$0.26
McCoy-Cove			
Cove NPV5%	100%	532.4	\$1.07
McCoy-Cove Exploration JV (with Barrick)	40%	12.7	\$0.03
Red Lake Projects			
Rahill Bonanza JV (with Newmont Goldcorp) @ \$50/oz	44%	15.9	\$0.03
Hasaga Resource @ \$50/oz	100%	123.6	\$0.25
Mexico Division			
Mercedes Mine NPV5%	100%	282.2	\$0.57
Corporate Adjustments			
Current Cash		\$84.6	\$0.17
Cash From ITM Warrants/Options		\$36.8	\$0.07
Cash From Future Financing		\$371.7	\$0.74
Debt		\$24.6	-\$0.05
Sum of the Part (C\$)		\$2,900.8	\$5.81
Basic Shares Outstanding			235.80
ITM Options and Warrants Outstanding			15.41
Future Equity Financing			247.80
Fully Diluted And Financed Shares Outstanding			499.00
Current PG CN Share Price \$/sh			1.74
Price/NAV			0.30x

Source: Stifel GMP

Roxgold⁷

BUY

ROXG-TSX

April 17, 2020

Last: **C\$1.11**
Target: **C\$2.50**

Initiating coverage: Cash machine funds growth model

Roxgold stands out for its superior asset quality and flawless operational execution. The company has embarked on a growth strategy that will maintain a focus on grade/quality.

We are launching on Roxgold with a C\$2.50 target and BUY rating.

Roxgold's flagship, high grade (12.6 g/t Au weighted head grade since going commercial) project in Burkina Faso (Yaramoko) has been a solid cash machine since it started in 2016. The mill was recently expanded to ~1,300 tpd as the second U/G ore access (Bagassi South) transitions to a stope ore source. The FCF from this project (>\$65 MM since going commercial) is being used to repay debt, buy back stock (cancelled >5 MM shares in 2019) and grow the asset base to diversify geographical risk.

The second asset (Seguela in Cote D'Ivoire) is a quality/scale analog to Yaramoko and is proving to be a "sleeper" asset. The deposit was acquired from Newcrest for \$20 MM in cash (+\$10 contingent payment) when the senior pulled chute on Africa. That transaction is now looking like a steal as the 2020 PEA outlined a \$268 MM NPV5% and 66% IRR at \$1,450 oz. The 2.7 g/t head grade drives LOM AISC of just \$749/oz and will ensure Roxgold remains known for its low-cost profile (AISC are \$600/oz during the first three years).

In addition to the maiden resource there are several pods of satellite mineralization at Seguela which have delivered stunning results outside the resource (e.g. at Ancien where the deepest hole returned 16.97 g/t Au over 42 m). We are drawn to single asset companies that have a second project in the pipe and the balance sheet to progress to multi-mine status. The market continues to favour liquidity and scale and Roxgold is a company that will grow in relevance and align itself with the index inclusion metrics. The robust FCF profile means it can weather the COVID-19 storm for many months even if a shutdown is required and it can continue to be opportunistic on the buyback.

Valuation: Roxgold trades at 0.38x NAV and 3.9x CF (2020) but most compelling is the robust 16% FCF yield at \$1,650/oz.

Catalysts in 2020: Ongoing expansion drilling at Seguela and Yaramoko deeps as well as a maiden PEA (Q2/20) are the major catalysts for the name as well as ongoing share buybacks.

Snapshot			
Producer	Yes	Basic S/O	371.7 M
Share Price	C\$1.11	FD S/O	390.7 M
52-Week High	C\$1.42	Management	13.0 M
52-Week Low	C\$0.56		
NAVPS	C\$2.89	P/NAV	0.38x
Spot NAVPS	C\$3.04	Spot P/NAV	0.37x

Balance Sheet (\$MM)			
Cash	\$50.0	Mkt Cap	\$292.5
Debt	\$39.7	EV	\$282.6

Resource/Reserve			
Au Resource	2.1 Moz	Au Reserve	0.66 Moz

Financials				
	Fiscal YE Dec. 31	2019	2020E	2021E
Production (000 oz)	Q1	33.7 A	32.4 A	
	Q2	34.4 A	32.3	
	Q3	33.0 A	33.1	
	Q4	41.2 A	29.1	
	FY	142.2	126.9	125.0
Cash Cost (\$/oz)	FY	\$567	\$649	\$649
AISC (\$/oz)	FY	\$824	\$965	\$807
EPS	Q1	\$0.01	\$0.01	
	Q2	\$0.00	\$0.03	
	Q3	\$0.02	\$0.03	
	Q4	\$0.01	\$0.02	
	FY	\$0.04	\$ 0.10	\$0.14
P/E		\$ 8.07	\$ -	
CFPS	Q1	\$0.05	\$0.04	
	Q2	\$0.05	\$0.06	
	Q3	\$0.03	\$0.06	
	Q4	\$0.06	\$0.05	
	FY	\$0.19	\$0.20	\$0.22
P/CF		3.9x	3.6x	

* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz

All currency figures in US\$ unless otherwise noted

[Current Chart](#)

[Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

Figure 59. Roxgold is a proven and disciplined operator

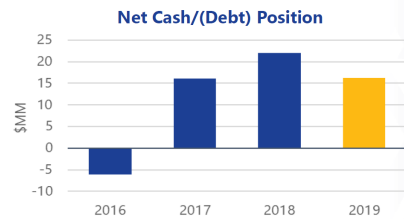
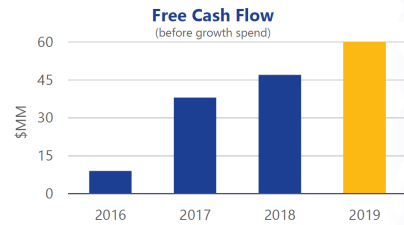
Disciplined Approach to Capital Management

Continue to maintain a strong balance sheet



Value Accretive Growth Spend
(\$ million)

	2016	2017	2018	2019
Séguéla Acquisition				\$22
Séguéla drilling and study costs				\$6
Resource Drilling at 55 Zone	\$3	\$1	\$8	\$4
Bagassi South project	-	\$10	\$27	\$18
Regional Exploration	-	\$1	\$3	\$6
Total Growth Spend	\$3	\$12	\$38	\$56



- Strong balance sheet provides liquidity and financial flexibility
- Significant free cashflow (before growth spend) generation
- Disciplined approach to growth investment

Source: Company reports

Figure 60. Ancien likely has U/G component to supplement 1 MMoz starter resource

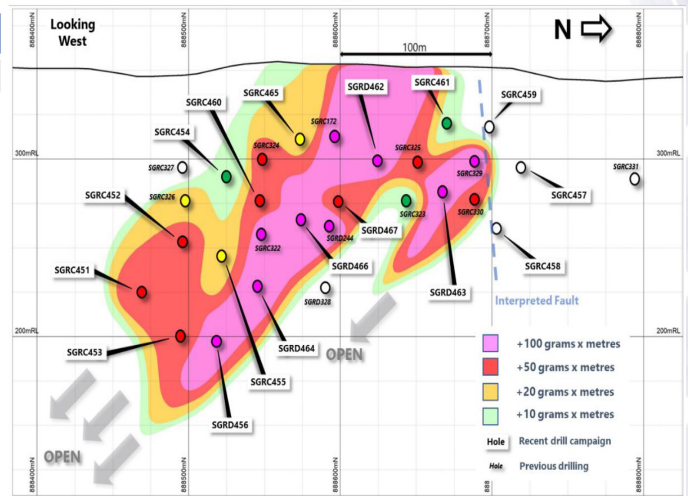
Ancien Deposit – Resources

as of Jan 29th, 2020

	Size	Grade
Inferred	224,000 oz	6.6 g/t

- A 26 RC/DD drill hole program has highlighted a broad zone of well-defined high-grade mineralization
- Numerous high-grade intersections across significant widths while showing indications of down-plunge potential as mineralization remains open at depth
- Potential 2nd high-grade shoot developing in north
- Highlights include:
 - SGRD456: **16.97 g/t** Au over 42m from 133m
 - SGRC329: **19.73 g/t** Au over 23m from 1m
 - SGRD464: **19.70 g/t** Au over 10m from 111m
 - SGRD466: **27.56 g/t** Au over 6m from 73m
 - SGRC322: **11.82 g/t** Au over 8m from 82m
- Drill program is ongoing with two rigs focused on step-out drilling to the south and at depth

Ancien Long Section



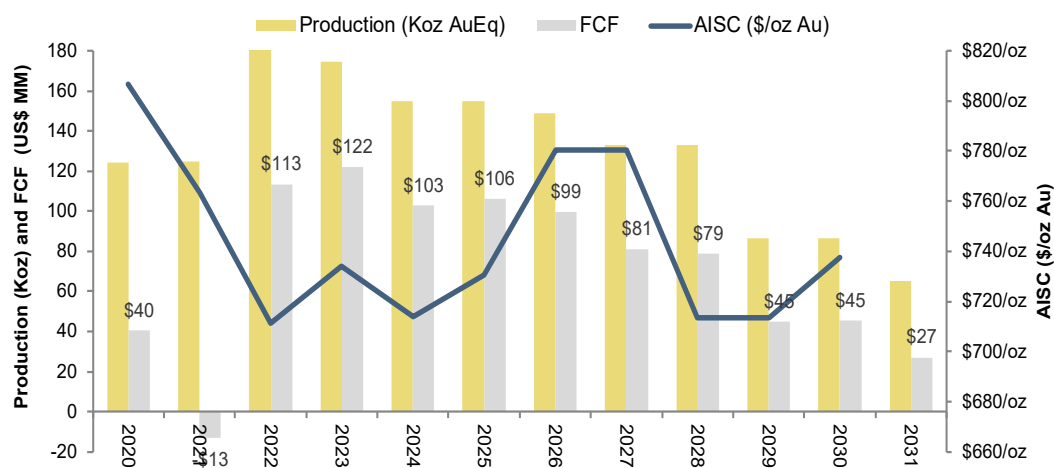
Source: Company reports

Figure 61. ROXG valuation table at \$1,650/oz Au

	C\$MM	C\$ Per /Share
Mining Assets		
Yaramoko (Burkina Faso) NPV5%	608.5	1.61
Séguéla (Côte d'Ivoire) NPV5%	466.3	1.24
Other Exploration Assets (West Africa)	10.0	0.03
Corporate Adjustments		
Cash	70.4	0.19
Remaining Cash Payment for Séguéla	-14.1	-0.04
Cash from Warrants/Options ITM at Target	3.8	0.01
Drawn Debt	-55.9	-0.15
Total	1,089.1	2.89
Basic Shares Out		371.7
ITM Options and Warrants Out		5.4
Fully Financed & Diluted Shares Out		377.1
Current ROXG CN Share Price		1.11
Price/NAV		0.38x
Price/CF (2020)		3.9x
FCF Yield (2020)		16.4%

Source: Stifel GMP

Figure 62. Production/cost/FCF profile –Roxgold



Source: Company reports, Stifel GMP

Rubicon Minerals⁷

BUY

RMX-TSX

April 17, 2020

Last: **C\$1.00**
Target: **C\$2.90**

Initiating coverage: Learning from mistakes of predecessors

Rubicon is led by talented mining exec George Ogilvie and is advancing the Phoenix deposit on a new resource model. Post reality check, grades have declined but the asset remains robust given the large tax synergies/free infrastructure.

We are launching on Rubicon with a C\$2.90 target and BUY rating.

We consciously avoided the first go-around with Rubicon which ended in receivership. However, we have followed the re-structuring of the company since new resource estimates show a stable if lower-grade geological model. The grade re-set is more than offset by the inherited infrastructure (>\$770 MM in capex sunk by prior operators including a state-of-the-art mill) and \$700 MM in tax loss pools (RMX will never pay tax based on the PEA mine plan). The bulk 1,500 tpd PEA mine plan generates a 60% IRR at \$1,500/oz despite the grade reduction to 5.3 g/t Au.

RMX is the rare gold stock that we can actually value on a fire-sale “break up” methodology. Having visited the mine and mill we are confident that even at 10c on the dollar, the existing asset base, tax pools and mill are worth more than the current EV (break-up value of C\$2.02/sh).

Additionally, the tax shelter and existing plant may play an important role in the eventual consolidation of the Red Lake camp. Recall that Evolution Mining (EVN-ASX, not rated) flagged a “beach head” strategy when it acquired Newmont/Goldcorp’s Red Lake assets. Rubicon’s mill is easily expandable to >1,800 tpd and the company also owns the second largest land package in the camp (management reports receiving multiple bids for the exploration package in excess of \$20 MM and that was during a distressed situation).

Valuation: Rubicon trades at 0.28x NAV based on the PEA mine plan. On a break up value the company is worth C\$2.02/share assuming assets are sold at 10% of replacement value. We use a 0.7x NAV target multiple.

Catalysts in 2020: The next catalyst is a DFS which will likely match or exceed the impressive PEA economics (40% IRR at \$1,325/oz) as the updated resource in January showed sufficient resource conversion to be eligible to feed the study. Given the asset’s troubled history, a strong study will be required to raise the \$76 MM in capex.

Basic Stats

Producer	No	Basic S/O	95.58 M
Share Price	C\$1.00	FD S/O	102.16 M
52-Week High	C\$1.27	Management	2.36 M
52-Week Low	C\$0.54		
NAV	C\$3.60	P/NAV	0.28x
Spot NAV	C\$3.73	Spot P/NAV	0.27x

Balance Sheet (MM)

Cash	\$19.3	Mkt Cap	\$67.86
Debt	\$9.8	EV	\$58.37

Resource/Reserve

Current Resource	1.28 Moz	Current Reserve	0.00 Moz
EV/oz Current	\$45.780	EV/oz Current	N/A

* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz

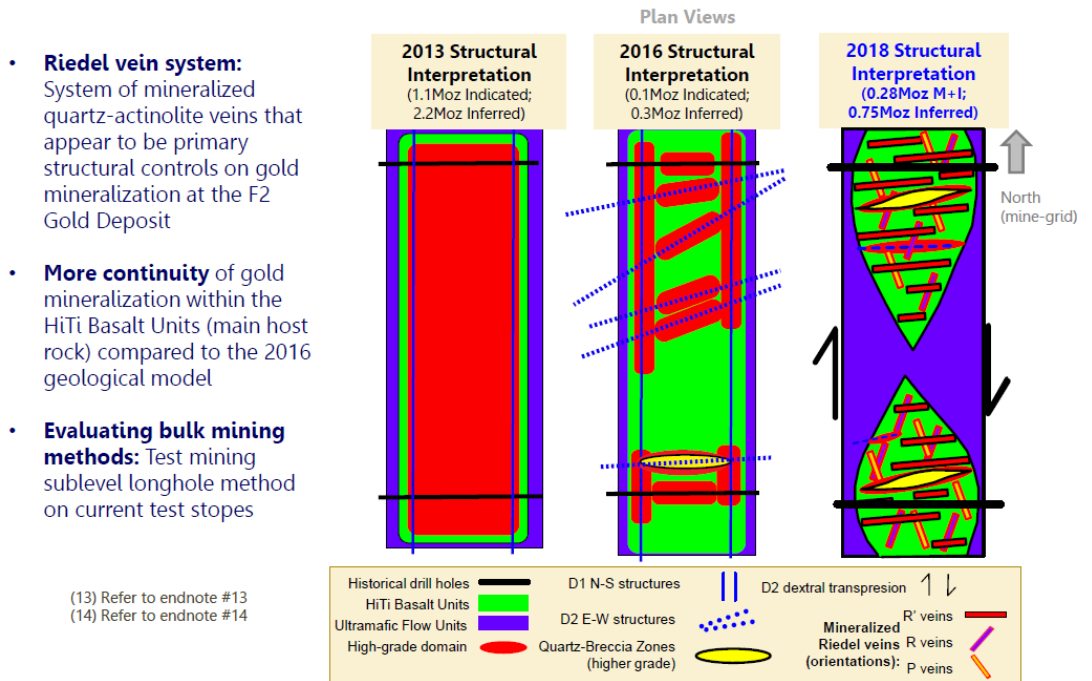
All currency figures in US\$ unless otherwise noted

[📊 Current Chart](#)[📄 Previous Research](#)

Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

Figure 63. Grade estimates settled post re-structuring – new resource model is working



Source: Company reports

Figure 64. Fire sale value could put a floor on stock

Item	Metric	Value (US\$ MM)
2020 Resource Oz	\$50/oz - Average of peer Canadian developers	\$63.8
Hard assets (e.g. mobile fleet and mill)	10% of C\$300 MM replacement cost	\$21.3
Tax Loss Pools	10% of C\$308 MM external tax pool	\$21.9
Red Lake Regional Properties (28,266 Ha)	C\$1,000/Ha vs precedent range of C\$1,732-C\$14,630/Ha	\$20.1
Cash	Current Cash	\$19.3
Debt	Cost To Retire Debt	-\$9.4
Conceptual break-up NAV		\$136.9
Conceptual break-up NAVPS		C\$2.02
EV/Break-Up Value		0.63x

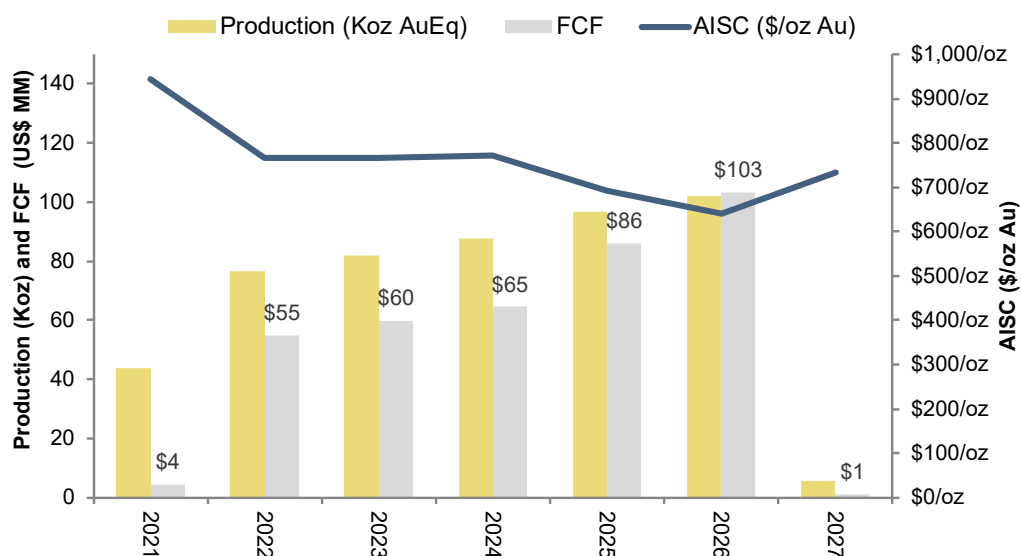
Source: Company reports

Figure 65. RMX valuation table at \$1,650/oz Au

	US\$MM	US\$ Per Share
Mine/Exploration Assets		
Phoenix After-Tax NPV5%	253.2	1.99
Regional Exploration (28,266 Ha @ C\$1,000/Ha)	20.1	0.16
Tax Loss Carryforwards (Outside of Phoenix)	21.9	0.17
Corporate Adjustments		
Current Cash	19.3	0.15
Proceeds from Future Equity Financing	14.2	0.11
Cash from Warrants/Options ITM at Target	6.5	0.05
Debt	(9.8)	(0.08)
Total	325.3	2.6
Sum of the Parts NAV (C\$)	C\$458.2	C\$3.60
Basic Shares Out		95.6
ITM Options and Warrants Out		6.58
New Shares to Fund Capex at C\$0.80/sh		25.00
Fully Diluted Shares Out		127.2
Current RMX CN Share Price		C\$1.00
Price/NAV		0.28x

Source: Stifel GMP

Figure 66. Production/cost/FCF profile –Phoenix



Source: Company reports, Stifel GMP

Troilus Gold^{1,2,11}**BUY**

TLG-TSX

April 17, 2020

Last: **C\$0.79**
▼ Target: **C\$3.40****Transferring coverage: Advanced multi-million ounce play in Quebec****We like this brownfields play where a new geologic model is yielding a decades-long play with modest capex requirements.**

We are transferring coverage of Troilus to Tyron Breytenbach with a C\$3.40 target and BUY rating. Our prior target was C\$3.65 with a BUY rating.

Troilus is a simple story: A Cu-focused past producer has been acquired and re-evaluated with a new geological model and under a higher gold price regime. The stock benefits from >\$250 MM in sunk infrastructure (including sub-station, road access, permitted tailings facility) and a plethora of data and compressed permitting and development timeline.

The company has added 3.7 MMoz AuEq since acquiring the project in 2017 (via >70,000 m of new drilling) and continues to find new areas of mineralization, most recently the discovery of the Southwest Zone (including 2.26 g/t AuEq over 24 m). The SW Zone starts at surface, appears shallower and slightly higher grade than the existing resource, is located 3.5 km from the main resource along the same mineralization corridor and appears to have analogous geology/metallurgy. This will not only expand the scale of the operation but improve flexibility and ensure a steady flow of catalysts.

Valuation: We now model a 25,000 tpd O/P that leverages the sunk capital to limit pre-production capex to \$300 MM. The end result is a conventional milling operation that produces 217 koz/yr for 15 years (225 Koz AuEq) at \$984/oz AISC to drive a 33% IRR and \$632 MM NPV5% at \$1,650/oz Au. We include \$30/oz of value for the U/G which will likely act as a “grade bank” to support the O/P but for now we conservatively exclude it from our model. Finally, we assume the project is 50% equity funded and dial in a very conservative/unlikely dilution estimate of C\$1.00/sh. Our funded/diluted NAV is C\$4.16 and our unfunded “takeout” NAV is C\$8.64. Trading at just 0.19x NAV and \$9.30/oz, the market is suggesting the asset will never go into production, we could not disagree more. Troilus is the least expensive developer we cover on these two metrics.

Catalysts in 2020: Troilus remains active on the exploration front, publishing holes from the pre-COVID drill program, including further expansion of the SW Zone. Other catalysts include the closing of the O3 land transaction and further property expansion as the exploration team at Troilus is demonstrating this is a district-scale setting. Expect M&A tension to remain topical given the scarcity of road accessible Canadian assets of similar scale.

Basic Stats			
Producer	No	Basic S/O	88.00 M
Share Price	C\$0.79	FD S/O	102.25 M
52-Week High	C\$0.90	Management	8.80 M
52-Week Low	C\$0.41		
NAV	C\$4.16	P/NAV	0.19x
Spot NAV	C\$4.52	Spot P/NAV	0.17x

Balance Sheet (\$MM)			
Cash	\$9.2	Mkt Cap	\$49.4
Debt	\$0.0	EV	\$60.3

Resource/Reserve (AuEq)			
Current Resource	6.47 MMoz	Forecast	8.00 MMoz
EV/oz	\$9.3	Forecast EV/oz	\$7.5

* Stifel GMP deck is \$1,650/oz; spot gold is \$1,718/oz

All currency figures in US\$ unless otherwise noted

 [Current Chart](#)

 [Previous Research](#)

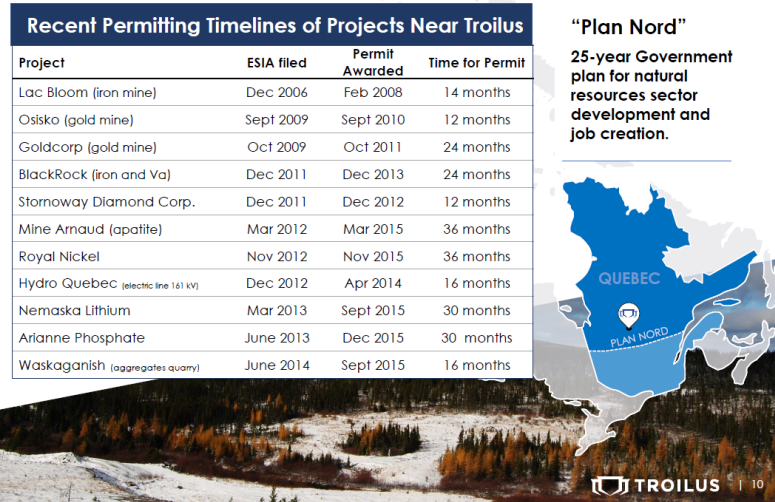
Tyron Breytenbach
tbreytenbach@stifel.com

(416) 941-6781

Figure 67. Location: funding from “Quebec Inc.” and rapid permitting timeline

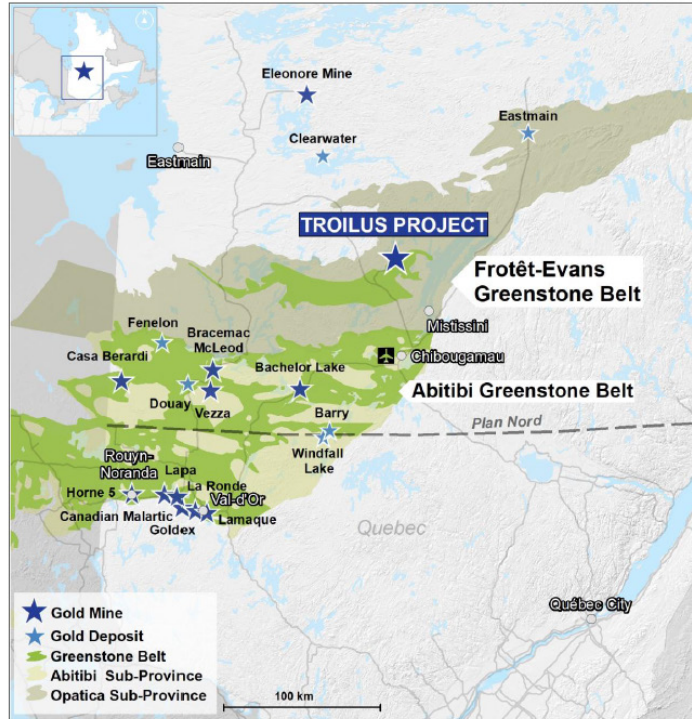
Low-Risk Jurisdiction: Quebec, Canada

Favourable Jurisdiction for Mine Permitting & Development



Source: Company reports

Figure 68. The last neglected belt in the Abitibi?



Long-term district-wide potential.

The Frotêt-Evans Greenstone Belt remains significantly underexplored compared to the Abitibi.



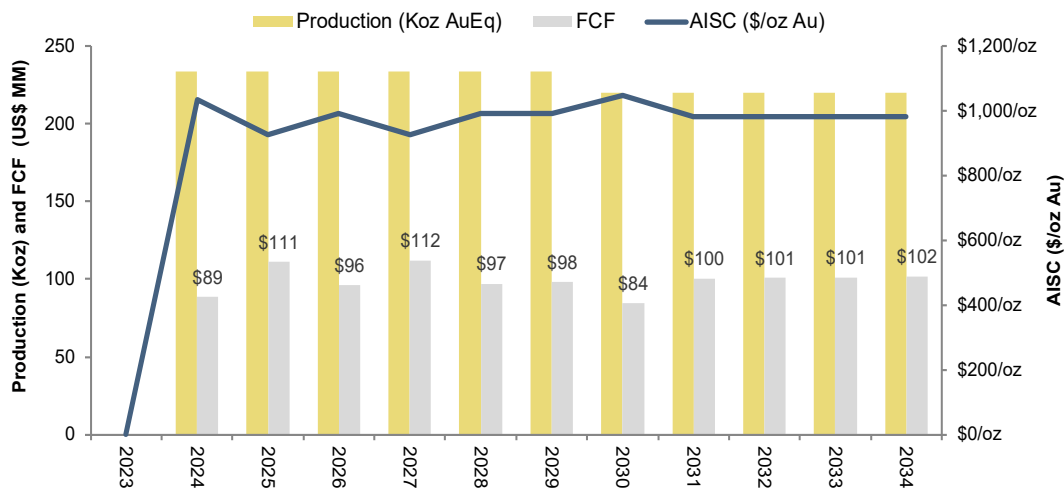
Source: Company reports

Figure 69. TLG valuation table at \$1,650/ozAu

	US\$MM	US\$ Per Share
Mine/Exploration Assets		
Troilus O/P NPV5%	632.2	2.02
U/G Option Value At \$50/oz	109.0	0.35
Corporate Adjustments		
Current Cash	9.2	0.03
Proceeds from Future Equity Financing	150.0	0.48
Cash from Warrants/Options ITM at Target	25.1	0.08
Debt	0.0	0.00
Total	\$925.5	\$2.95
Sum of the parts NAV (C\$)	C\$1,303.6	C\$4.16
Basic Shares Out		88.0
ITM Options and Warrants Out		14.3
New Shares to Fund Capex at C\$1.00/sh		211.3
Fully Financed & Diluted Shares Out		313.5
TLG CN Share Price		C\$0.79
Price/NAV		0.19x

Source: Stifel GMP

Figure 70. Production/cost/FCF profile – Troilus O/P



Source: Stifel GMP

Risks

Below, we summarize some of the key risk investors should consider before investing in the names covered in this report.

Market risk/gold price – Profitability will be directly impacted by changes in gold prices. A material decline in gold/metal prices would adversely affect profitability, cash flow and may also render certain projects uneconomical.

Price and cost instability – In addition to gold/metal prices, foreign currency rates and the costs of various input materials associated with mining can fluctuate substantially, resulting in a negative impact on the company's profitability.

Technical risk and economic viability – Mining operations/projects can be exposed to various operational risks.

Geopolitical risk – Mining operations/projects in higher geopolitical risk countries can be exposed to changes in government policies, such as permitting policies, licenses and tax laws, which can negatively impact the mining companies.

Exploration – Exploration success cannot guarantee increase in a mine's/project's resource base or conversion to mineral reserves.

Precious Metals Research Team

Analyst	Associate
Tyron Breytenbach (416) 941-6781 tyrbreytenbach@stifel.com	Cole McGill (416) 943-6631 cmcgill@stifel.com
Ian Parkinson (416) 943-6639 iparkinson@stifel.com	Stephen Sook (416) 941-0186 ssoock@stifel.com
Ingrid Rico (416) 941-0808 irico@stifel.com	

145 King Street West, Suite 300
Toronto, ON M5H 1J8, Canada

Metal Price Assumptions

	Spot	2019a	2020e
Gold (US\$/oz)	\$1,718	\$1,395	\$1,513
Silver (US\$/oz)	\$15.50	\$16.20	\$18.00

Precious Metals Summary

Prices as of

April 16, 2020

Company	Ticker (TSX)	Analyst	Price as of 16-Apr-20 (C\$/sh)	Rating	Target (C\$/sh)	Dividend Yield (%)	Total Return (%)	Market Cap (US\$m)	Net Debt (US\$m)	EV (US\$m)	2020		NAV/sh			P/NAV			2020e			NI 43-101	
											Net Debt / EBITDA (x)	Spot (US\$/sh)	Stifel GMP (US\$/sh)	Spot (x)	Stifel GMP (x)	Target (x)	P/E (x)	P/CF (x)	EV / EBITDA (x)	FCF Yield (%)	Spot FCF Yield (%)	EV / P&P Reserves (US\$/oz)	EV / Global Resources (US\$/oz)
Senior Producers																							
Barrick Gold ^{6,13}	ABX	IR	C\$ 35.24	HOLD	C\$ 24.65	0.64%	-29%	\$ 44,360	\$ 2,405	\$ 46,765	0.5	\$ 15.92	\$ 12.49	1.57	2.00	1.50	47.9	10.5	9.1	4.5%	6.7%	\$ 430	\$ 212
Agnico Eagle Mines ^{7,13}	AEM	IR	C\$ 76.19	BUY	C\$ 81.50	1.44%	+8%	\$ 12,991	\$ 1,402	\$ 14,394	1.2	\$ 45.74	\$ 34.40	1.18	1.57	1.80	46.6	13.9	11.9	1.2%	3.4%	\$ 653	\$ 250
Kinross Gold	K	IR	C\$ 8.67	BUY	C\$ 11.00		+27%	\$ 7,717	\$ 1,365	\$ 9,082	0.8	\$ 8.58	\$ 6.19	0.72	0.99	1.05	11.1	5.5	5.0	6.0%	10.5%	\$ 356	\$ 152
Kirkland Lake Gold ⁶	KL	IP	C\$ 51.92	BUY	C\$ 63.00	1.30%	+23%	\$ 10,537	\$ (773)	\$ 9,764	-0.5	\$ 38.82	\$ 31.82	0.95	1.16	1.50	14.4	8.7	6.9	6.2%	8.2%	\$ 461	\$ 241
Average						0.85%	+7%				0.5			1.10	1.43	1.46	30.0	9.7	8.2	4.5%	7.2%	\$ 475	\$ 214
Intermediate Producers																							
Yamana ^{1,11,13}	YRI	IR	C\$ 6.16	BUY	C\$ 6.50	1.13%	+7%	\$ 4,146	\$ 793	\$ 4,939	1.1	\$ 4.51	\$ 3.63	0.97	1.20	1.35	28.4	6.8	6.7	5.2%	7.2%	\$ 259	\$ 102
Eldorado Gold ⁶	ELD	IR	C\$ 12.05	BUY	C\$ 16.50		+37%	\$ 1,427	\$ 302	\$ 1,729	0.7	\$ 15.71	\$ 12.57	0.54	0.68	0.95	11.5	4.6	4.1	3.4%	3.7%	\$ 102	\$ 36
B2Gold	BTO	IR	C\$ 6.54	BUY	C\$ 6.80	0.62%	+5%	\$ 4,795	\$ 180	\$ 4,974	0.2	\$ 4.40	\$ 3.69	1.05	1.25	1.40	11.4	7.0	5.6	6.3%	8.2%	\$ 855	\$ 219
Alamos ^{6,13}	AGI	IP	C\$ 9.54	BUY	C\$ 13.75	0.90%	+45%	\$ 2,643	\$ (183)	\$ 2,460	-0.7	\$ 11.14	\$ 9.05	0.61	0.75	1.15	35.5	10.9	9.1	1.7%	3.9%	\$ 254	\$ 110
OceanaGold ⁶	OGC	IP	C\$ 1.85	BUY	C\$ 4.25	1.44%	+131%	\$ 815	\$ 179	\$ 994	0.6	\$ 3.59	\$ 2.79	0.37	0.47	1.10	10.7	2.9	3.1	4.3%	11.5%	\$ 178	\$ 82
IAMGOLD ⁶	IMG	IR	C\$ 4.40	HOLD	C\$ 5.75		+31%	\$ 1,465	\$ (229)	\$ 1,236	-0.7	\$ 7.57	\$ 5.46	0.41	0.57	0.80	nmf	5.8	3.7	-3.8%	2.8%	\$ 69	\$ 34
Equinox Gold ⁶	EQX	IP	C\$ 11.00	BUY	C\$ 19.00		+73%	\$ 1,682	\$ 212	\$ 1,894	0.5	\$ 14.30	\$ 13.28	0.54	0.59	1.00	13.4	7.6	4.9	4.8%	6.5%	\$ 167	\$ 80
Torex Gold Resources ⁶	TXG	IP	C\$ 16.31	BUY	C\$ 27.00		+66%	\$ 986	\$ 22	\$ 1,008	0.1	\$ 30.46	\$ 24.65	0.38	0.47	0.85	18.9	3.7	2.9	10.6%	17.0%	\$ 329	\$ 133
Average						0.51%	+49%				0.2			0.61	0.75	1.08	18.6	6.2	5.0	4.1%	7.6%	\$ 277	\$ 99
Junior Producers																							
Alacer Gold	ASR	IP	C\$ 6.55	BUY	C\$ 7.75		+18%	\$ 1,367	\$ 47	\$ 1,644	0.2	\$ 6.30	\$ 5.30	0.74	0.87	1.10	10.9	4.8	5.8	16.1%	20.0%	\$ 490	\$ 266
Lundin Gold	LUG	IP	C\$ 9.90	BUY	C\$ 11.40		+15%	\$ 1,573	\$ 471	\$ 2,043	2.6	\$ 9.76	\$ 7.83	0.72	0.89	1.10	33.8	17.1	11.5	5.1%	6.6%	\$ 322	\$ 147
K92 Mining ^{1,11}	KNT	TB	C\$ 3.92	BUY	C\$ 4.50		+15%	\$ 562	\$ (9)	\$ 553	-0.1	\$ 4.57	\$ 4.33	0.61	0.64	1.00	7.9	7.8	4.4	6.6%	7.5%	-	\$ 173
Premier Gold ⁷	PG	TB	C\$ 1.74	BUY	C\$ 4.10		+136%	\$ 292	\$ (16)	\$ 277	-0.3	\$ 4.13	\$ 4.13	0.30	0.30	0.70	32.1	3.8	5.6	-2.8%	-2.8%	\$ 92	\$ 26
Dundee Precious Metals ⁶	DPM	IR	C\$ 6.15	BUY	C\$ 8.00	1.30%	+31%	\$ 786	\$ (13)	\$ 773	-0.1	\$ 8.61	\$ 7.95	0.51	0.55	0.75	7.2	4.9	3.5	14.0%	17.6%	\$ 286	\$ 76
RoxGold ⁷	ROXG	TB	C\$ 1.11	BUY	C\$ 2.50		+125%	\$ 292	\$ 56	\$ 348	0.6	\$ 2.22	\$ 2.05	0.35	0.38	0.80	8.0	8.0	3.9	24.2%	25.6%	\$ 530	\$ 170
Argonaut ^{1,6,11}	AR	IP	C\$ 1.36	BUY	C\$ 3.80		+179%	\$ 174	\$ (29)	\$ 145	-0.3	\$ 3.92	\$ 2.77	0.25	0.35	1.00	5.2	5.2	1.4	12.3%	29.4%	\$ 42	\$ 16
Superior Gold ⁶	SGI	IP	C\$ 0.70	HOLD	C\$ 1.20		+71%	\$ 35	\$ (19)	\$ 16	-5.7	\$ 1.63	\$ 0.92	0.30	0.54	1.00	nmf	nmf	4.9	-33.3%	-8.7%	\$ 42	\$ 7
Gran Colombia ^{1,11}	GCM	IP	C\$ 5.70	BUY	C\$ 7.30		+28%	\$ 245	\$ (19)	\$ 226	-0.1	\$ 11.00	\$ 7.94	0.37	0.51	0.70	3.2	2.5	1.5	24.0%	35.8%	\$ 329	\$ 71
Fiore Gold	F	SS	C\$ 0.63	BUY	C\$ 0.75		+19%	\$ 44	\$ (4)	\$ 40	-0.2	\$ 1.17	\$ 0.92	0.38	0.48	0.60	5.3	3.0	2.1	21.1%	38.2%	\$ 124	\$ 14
Average							+61%				-0.3			0.45	0.57	0.88	10.5	6.5	4.3	10.5%	20.6%	\$ 263	\$ 89
Silver Producers																							
Americas Gold and Silver ^b	USA	SS	C\$ 2.89	BUY	C\$ 5.50		+90%	\$ 177	\$ (26)	\$ 151	-0.7	\$ 4.06	\$ 4.05	0.50	0.51	1.00	11.8	5.0	4.2	7.6%	5.9%	\$ 4.84	\$ 1.29
Endeavour Silver ^{6,13,b}	EDR	IP	C\$ 2.22	HOLD	C\$ 3.00		+35%	\$ 225	\$ (5)	\$ 220	-0.3	\$ 2.14	\$ 2.23	0.74	0.70	1.00	nmf	11.1	11.9	-5.6%	-5.5%	\$ 12.63	\$ 1.16
Average							+63%				-0.5			0.62	0.60	1.00	11.8	8.1	8.0	1.0%	0.2%	\$ 8.73	\$ 1.22
Royalty Companies																							
Franco-Nevada ^a	FNV	IR	C\$ 174.73	HOLD	C\$ 142.00	0.77%	-18%	\$ 23,431	\$ 123	\$ 23,554	0.2	\$ 50.41	\$ 46.95	2.45	2.63	2.30	59.1	34.1	30.6	2.5%	2.8%	-	-
Wheaton Precious Metals ^{6,13,b}	WPM	IR	C\$ 48.10	BUY	C\$ 45.50	1.02%	-4%	\$ 15,261	\$ 862	\$ 16,123	1.2	\$ 16.63	\$ 16.05	2.05	2.12	2.15	41.0	22.2	22.3	4.5%	4.7%	\$ 11.33	\$ 2.74
Osisko Gold Royalties ^{6,13}	OR	IR	C\$ 12.00	BUY	C\$ 20.50	1.68%	+73%	\$ 1,339	\$ 184	\$ 1,523	2.1	\$ 10.09	\$ 8.97	0.84	0.95	1.75	38.2	17.5	17.8	4.7%	7.4%	-	-
Maverix Metals ^a	MMX	IR	C\$ 5.76	BUY	C\$ 7.45	0.99%	+30%	\$ 488	\$ 71	\$ 560	2.0	\$ 3.24	\$ 2.99	1.26	1.36	1.95	49.0	18.9	15.8	6.0%	9.1%	-	-
Average						1.11%	+20%				1.4			1.65	1.77	2.04	46.8	23.2	21.6	4.4%	6.0%		

^a Spot NAV calculated at spot gold and copper prices

^a FNV EV / Reserves & Resources, production, and cost metrics in gold equivalent ounces

^b USA, EDR, and WPM EV / Reserves & Resources, production, and cost metrics in silver equivalent ounces

Source: Stifel GMP estimates

Precious Metals Research Team

Analyst

Tyron Breytenbach (416) 941-6781 tbreytenbach@stifel.com
Ian Parkinson (416) 943-6639 iparkinson@stifel.com
Ingrid Rico (416) 941-0808 irico@stifel.com

Associate

Cole McGill (416) 943-6631 cmcgill@stifel.com
Stephen Sook (416) 941-0186 ssoock@stifel.com

Precious Metals Operating Metrics

Company	Ticker (TSX)	Production (koz Au)				CAGR 2018-2021 (%)	Total Cash Costs (US\$/oz Au)				All In Sustaining Costs (US\$/oz Au)				Free Cash Flow (US\$m)			
		2018a	2019a	2020e	2021e		2018a	2019a	2020e	2021e	2018a	2019a	2020e	2021e	2018a	2019a	2020e	2021e
Senior Producers																		
Barrick Gold	ABX	4,527	5,465	4,935	4,924	+3%	588	674	679	713	806	904	881	892	365	1,180	1,987	1,740
Agnico Eagle Mines	AEM	1,627	1,782	1,861	2,047	+8%	637	673	747	715	877	938	1,002	968	(483)	(1)	162	446
Kinross Gold	K	2,452	2,505	2,533	2,787	+4%	734	692	703	656	965	980	921	858	(255)	29	462	692
Kirkland Lake Gold	KL	723	975	1,504	1,648	+32%	384	300	473	496	685	564	826	751	268	463	656	938
Average						+12%	586	585	650	645	833	847	908	867				
Intermediate Producers																		
Yamana Gold	YRI	1,033	1,024	949	1,013	-1%	572	667	656	669	860	978	1,039	934	(155)	112	215	386
Eldorado Gold	ELD	349	395	532	433	+7%	650	645	615	654	1,008	1,034	938	1,011	(245)	(69)	49	14
B2Gold	BTO	954	969	980	971	+1%	577	598	534	551	758	838	800	747	177	245	302	487
Alamos Gold	AGI	505	494	437	532	+19%	817	720	770	596	995	951	1,090	842	(8)	(3)	45	241
Oceana Gold	OGC	533	470	438	487	-3%	490	733	676	708	765	1,061	1,191	1,127	122	(35)	35	152
IAMGOLD	IMG	877	762	722	799	-3%	793	899	874	895	1,058	1,113	1,145	1,233	(109)	(97)	(56)	64
Equinox Gold	EQX	25	200	557	904	+231%	723	809	906	798	819	931	1,132	946	(263)	(38)	81	403
Torex Gold Resources	TXG	354	455	450	402	+4%	646	619	670	764	964	805	912	999	103	194	105	134
Average						+32%	659	711	713	704	903	964	1,031	980				
Junior Producers																		
Alacer Gold	ASR	137	314	265	242	+21%	506	508	571	601	707	713	746	739	(184)	210	221	192
Lundin Gold	LUG	0	0	200	370	n/m	n/a	n/a	514	483	n/a	n/a	616	555	(312)	(411)	81	173
K92 Mining	KNT	47	82	121	147	+46%	611	499	535	507	782	656	743	633	3	12	37	76
Premier Gold	PG	90	67	94	147	+18%	763	936	708	673	937	1,218	773	706	(36)	(29)	(8)	(20)
Dundee Precious Metals ^a	DPM	164	197	247	241	+14%	539	546	553	589	725	742	730	642	(1)	32	110	153
RoxGold 7	ROXG	133	142	127	125	-2%	479	567	649	649	740	824	965	807	53	42	71	(12)
Asanko Gold	AKG	223	251	242	243	+3%	843	1,179	903	938	1,076	1,112	1,051	1,042	0	30	38	25
Argonaut	AR	163	182	232	246	+15%	787	923	979	916	1,078	1,181	1,176	1,111	(4)	24	21	50
Superior Gold	SGI	90	83	72	73	-7%	1,155	1,284	1,330	1,294	1,265	1,387	1,563	1,523	(9)	8	(12)	(4)
Gran Colombia Gold	GCM	218	240	228	203	-2%	680	682	762	767	907	886	956	932	41	60	59	59
Fiore Gold	F	34	41	48	52	+15%	830	900	997	862	1,181	1,081	1,201	1,086	(4)	0	9	14
Average						+56%	709	774	754	724	925	953	938	860				
Silver Producers																		
Americas Gold and Silver ^b	USA	6,287	5,836	9,204	12,980	+27%	10.43	11.89	9.51	8.90	13.91	14.75	11.25	10.40	(6)	(29)	13	69
Endeavour Silver ^b	EDR	8,917	7,131	6,518	7,403	-6%	8.06	12.79	9.08	6.87	15.45	22.17	21.64	17.14	(14)	(31)	(12)	2
Average						+11%	9.25	12.34	9.30	7.89	14.68	18.46	16.45	13.77				
Royalty Companies																		
Franco-Nevada ^a	FNV	448	497	550	544	+7%	-	-	-	-	-	-	-	-	(514)	166	587	644
Wheaton Precious Metals ^b	WPM	50,873	52,501	57,737	57,971	+4%	4.83	4.84	4.89	4.55	-	-	-	-	(640)	506	687	704
Osisko Gold Royalties	OR	81	77	81	83	+1%	-	-	-	-	-	-	-	-	62	62	62	62
Maverix Metals	MMX	21	24	30	33	+17%	-	-	-	-	-	-	-	-	(4)	(56)	29	35
Average						+7%												

^a FNV & YRI EV / Reserves & Resources, production, and cost metrics in gold equivalent ounces

^b USA, EDR, and WPM EV / Reserves & Resources, production, and cost metrics in silver equivalent ounces

^c Production estimates presented as payable ounces sold

Source: Stifel GMP estimates

145 King Street West, Suite 300
Toronto, ON M5H 1J8, Canada

Precious Metals Research Team

Analyst

Tyron Breytenbach (416) 941-6781 tbreytenbach@stifel.com
Ian Parkinson (416) 943-6639 iparkinson@stifel.com
Ingrid Rico (416) 941-0808 irico@stifel.com

Associate

Cole McGill (416) 943-6631 cmcgill@stifel.com
Stephen Sook (416) 941-0186 ssook@stifel.com

Precious Metals Financial Metrics

April 16, 2020

Company	Ticker (TSX)	Performance												Multiples										
		EPS (US\$/sh)				CFPS (US\$/sh)				EBITDA (US\$m)				P/E (x)			P/CF (x)			EV / EBITDA (x)			EV / Cash Margin*Prod (x)	
		2018a	2019a	2020e	2021e	2018a	2019a	2020e	2021e	2018a	2019a	2020e	2021e	2019a	2020e	2021e	2019a	2020e	2021e	2019a	2020e	2021e	2019a	2020e
Senior Producers																								
Barrick Gold	ABX	0.35	0.46	0.52	0.42	1.66	1.82	2.37	2.32	2,752	6,010	5,142	4,873	54.3	47.9	59.9	13.7	10.5	10.7	7.8	9.1	9.6	11.9	11.4
Agnico Eagle Mines	AEM	0.31	0.96	1.16	1.52	2.75	3.63	3.87	4.54	768	1,021	1,214	1,386	56.3	46.6	35.5	14.9	13.9	11.9	14.1	11.9	10.4	11.2	10.1
Kinross Gold	K	0.07	0.33	0.55	0.58	0.55	0.85	1.12	1.12	973	1,389	1,810	2,117	18.9	11.1	10.5	7.3	5.5	5.5	6.5	5.0	4.3	5.2	4.4
Kirkland Lake Gold	KL	1.29	2.74	2.55	2.61	2.42	4.46	4.25	4.62	521	982	1,410	1,497	13.4	14.4	14.1	8.2	8.7	8.0	9.9	6.9	6.5	9.1	6.2
Average														35.7	30.0	30.0	11.0	9.7	9.0	9.6	8.2	7.7	9.3	8.0
Intermediate Producers																								
Yamana Gold	YRI	0.12	0.12	0.15	0.15	0.56	0.55	0.64	0.65	693	720	735	759	35.6	28.4	28.7	7.9	6.8	6.7	6.9	6.7	6.5	9.1	6.2
Eldorado Gold	ELD	(0.17)	0.04	0.74	0.43	0.42	0.94	1.87	1.33	80	209	419	307	233.5	11.5	19.7	9.1	4.6	6.4	8.3	4.1	5.6	5.8	3.6
B2Gold	BTO	0.16	0.23	0.41	0.34	0.47	0.52	0.66	0.62	587	633	891	854	20.2	11.4	13.4	8.9	7.0	7.4	7.9	5.6	5.8	6.4	5.2
Alamos Gold	AGI	0.01	0.23	0.19	0.40	0.54	0.76	0.62	0.93	208	291	271	432	30.0	35.5	16.8	8.9	10.9	7.3	8.5	9.1	5.7	7.4	7.6
OceanaGold	OGC	0.19	0.06	0.12	0.12	0.56	0.33	0.45	0.45	357	214	317	325	20.8	10.7	10.7	4.0	2.9	2.9	4.7	3.1	3.1	3.2	2.7
IAMGOLD	IMG	0.06	(0.01)	(0.01)	(0.06)	0.60	0.46	0.53	0.56	300	233	338	349	nmf	nmf	nmf	6.8	5.8	5.6	5.3	3.7	3.5	3.3	2.7
Equinox Gold	EQX	(0.05)	0.27	0.58	1.20	(0.05)	0.53	1.02	1.87	(24)	94	387	727	29.2	13.4	6.5	14.7	7.6	4.2	20.2	4.9	2.6	16.2	5.6
Torex Gold Resources	TXG	0.23	0.78	0.61	0.01	2.18	3.83	3.16	2.51	186	330	347	264	14.7	18.9	980.1	3.0	3.7	4.6	3.0	2.9	3.8	2.9	2.7
Average														54.9	18.6	153.7	7.9	6.2	5.6	8.1	5.0	4.6	6.8	4.5
Junior Producers																								
Alacer Gold	ASR	0.15	0.37	0.43	0.35	0.28	0.85	0.97	0.86	92	251	282	244	12.6	10.9	13.4	5.5	4.8	5.4	6.5	5.8	6.7	5.9	6.6
Lundin Gold	LUG	(0.18)	(0.40)	0.21	0.47	(0.11)	(0.11)	0.41	0.83	(25)	(28)	178	360	nmf	33.8	14.8	nmf	17.1	8.4	nmf	11.5	5.7	n/a	10.3
K92 Mining	KNT	0.22	0.16	0.35	0.42	0.13	0.27	0.35	0.42	29	70	126	163	17.2	7.9	6.6	10.3	7.8	6.5	7.9	4.4	3.4	7.5	4.7
Premier Gold	PG	(0.09)	(0.09)	0.04	0.13	(0.01)	(0.06)	0.32	0.59	9	2	50	116	nmf	32.1	9.7	nmf	3.8	2.1	nmf	5.6	2.4	8.9	3.7
Dundee Precious Metals	DPM	0.21	0.19	0.60	0.55	0.55	0.55	0.89	1.06	105	143	219	206	22.4	7.2	7.9	7.9	4.9	4.1	5.4	3.5	3.8	4.6	3.3
RoxGold 7	ROXG	0.07	0.02	0.10	0.14	0.10	0.01	0.10	0.14	80	84	89	90	51.5	8.0	5.6	nmf	8.0	5.6	4.1	3.9	3.9	3.0	3.2
Asanko Gold	AKG	0.00	0.01	0.11	0.07	0.30	(0.02)	0.11	0.07	123	130	149	127	68.3	8.8	14.1	nmf	8.7	14.0	1.9	1.7	2.0	4.6	1.7
Argonaut	AR	0.09	0.08	0.18	0.25	0.32	0.38	0.37	0.42	38	46	104	129	12.2	5.2	3.8	2.5	5.2	2.3	3.2	1.4	1.1	1.7	1.2
Superior Gold	SGI	(0.08)	(0.10)	(0.04)	(0.02)	0.04	0.08	(0.03)	0.02	3	(1)	3	5	nmf	nmf	nmf	6.2	nmf	21.1	nmf	4.9	3.0	1.7	1.2
Gran Colombia Gold	GCM	1.19	1.21	1.26	1.08	1.26	1.53	1.59	1.43	104	149	153	132	3.3	3.2	3.7	2.6	2.5	2.8	1.5	1.5	1.7	1.3	1.3
Fiore Gold	F	0.04	0.04	0.08	0.14	0.09	0.08	0.15	0.22	7	9	18	27	11.5	5.3	3.1	1.2	3.0	2.0	4.2	2.1	1.5	1.9	1.6
Average														22.1	11.1	7.5	4.5	6.0	6.2	3.9	3.9	2.9	3.7	3.2
Silver Producers																								
Americas Gold and Silver ^b	USA	(0.14)	(0.36)	0.17	0.55	0.16	(0.07)	0.41	0.89	6	(11)	36	80	nmf	11.8	3.7	nmf	5.0	2.3	nmf	4.2	1.9	-	-
Endeavour Silver ^b	EDR	(0.08)	(0.28)	(0.02)	0.02	0.16	(0.06)	0.14	0.17	23	(7.3)	18	26	nmf	nmf	63.6	nmf	11.1	9.2	nmf	11.9	8.5	-	-
Average														nmf	11.8	33.7	nmf	8.1	5.7	nmf	8.0	5.2	-	-
Royalty Companies																								
Franco-Nevada ^a	FNV	1.16	1.70	2.09	2.07	2.55	3.26	3.62	3.60	520	650	770	758	72.7	59.1	59.6	37.9	34.1	34.4	36.2	30.6	31.1	-	-
Wheaton Precious Metals ^b	WPM	0.48	0.55	0.83	0.89	1.06	1.13	1.53	1.57	497	546	723	739	61.5	41.0	38.3	30.0	22.2	21.7	29.5	22.3	21.8	-	-
Osisko Gold Royalties	OR	0.15	0.25	0.22	0.23	0.41	0.46	0.49	0.49	73	77	86	87	34.0	38.2	36.5	18.3	17.5	17.3	19.9	17.8	17.6	-	-
Maverix Metals	MMX	0.03	0.06	0.08	0.11	0.18	0.17	0.22	0.25	20	25	35	40	72.6	49.0	37.4	24.2	18.9	16.4	22.6	15.8	14.2	-	-
Average														60.2	46.8	43.0	27.6	23.2	22.4	27.1	21.6	21.2	-	-

^a FNV EV / Reserves & Resources, production, and cost metrics in gold equivalent ounces

^b USA, EDR, and WPM EV / Reserves & Resources, production, and cost metrics in silver equivalent ounces

Source: Stifel GMP estimates

Precious Metals Research Team

Analyst

Tyron Breylenbach
Ian Parkinson
Ingrid Rico

(416) 941-6781
(416) 943-6639
(416) 941-0808

tbreylenbach@stifel.com
iparkinson@stifel.com
irico@stifel.com

(416) 943-6631
(416) 941-0186

cmcgill@stifel.com
ssoock@stifel.com

Metal Price Assumptions

	Spot	2019a	2020e
Gold (US\$/oz)	\$1,718	\$1,395	\$1,513
Silver (US\$/oz)	\$15.50	\$16.20	\$18.00

Precious Metals Developers

April 16, 2020

Company	Ticker	Analyst	Price as of 16-Apr-20 (C\$/sh)	Rating	Target (C\$/sh)	Total Return (%)	Market Cap (US\$m)	Working Capital (US\$m)	EV (US\$m)	NAV/sh		P/NAV			NI 43-101		2018 - 2021 Outlook											
										Spot (US\$/sh)	Stifel GMP (US\$/sh)	Spot (x)	Stifel GMP (x)	Target (x)	EV / P&P Reserves (US\$/oz)	EV / MI&Inf Resources (US\$/oz)	Production (koz Au)		Total Cash Costs (US\$/oz Au)									
	(TSX)																											
Developers																												
Orla Mining ^{1,2,8,11}	OLA	IP	C\$ 2.39	BUY	C\$ 3.70	+55%	\$ 317	\$ 95	\$ 222	\$ 3.16	\$ 2.59	0.54	0.65	1.00	\$ 215	\$ 177	-	-	-	75	-	-	-	-	-	-	-	564
Ascot Resources ^{12,11}	AOT	IP	C\$ 0.78	BUY	C\$ 1.80	+131%	\$ 128	\$ (3)	\$ 130	\$ 2.82	\$ 1.89	0.20	0.29	0.70	-	\$ 44	-	-	-	107	-	-	-	-	-	-	-	578
Eastmain Resources ^{1,6,11}	ER	IR	C\$ 0.09	BUY	C\$ 0.50	+488%	\$ 17	\$ 4	\$ 13	\$ 0.86	\$ 0.80	0.07	0.07	0.50	-	\$ 10	-	-	-	-	-	-	-	-	-	-	-	
INV Metals	INV	SS	C\$ 0.27	BUY	C\$ 1.50	+466%	\$ 26	\$ 11	\$ 14	\$ 2.40	\$ 2.27	0.08	0.08	0.50	\$ 8	\$ 5	-	-	-	-	-	-	-	-	-	-	-	
White Gold	WGO	SS	C\$ 0.66	BUY	C\$ 2.25	+241%	\$ 52	\$ 7	\$ 45	\$ 1.84	\$ 1.73	0.25	0.27	1.00	-	\$ 35	-	-	-	-	-	-	-	-	-	-	-	
Integra Resources ^{1,6,11}	ITR	IR	C\$ 1.04	BUY	C\$ 2.50	+140%	\$ 86	\$ 26	\$ 60	\$ 3.28	\$ 2.87	0.22	0.26	0.70	-	\$ 16	-	-	-	-	-	-	-	-	-	-	-	
Bluesbone Resources	BSR	TB	C\$ 1.77	BUY	C\$ 4.00	+126%	\$ 104	\$ 15	\$ 89	\$ 3.84	\$ 3.64	0.33	0.34	0.80	\$ 94	\$ 58	-	-	-	149	-	-	-	-	-	-	377	
Gold Standard Ventures ^{3,7,11}	GSV	TB	C\$ 0.84	BUY	C\$ 2.50	+198%	\$ 166	\$ 4	\$ 162	\$ 1.88	\$ 1.76	0.32	0.34	1.00	\$ 130	\$ 87	-	-	-	-	-	-	-	-	-	-	-	
Liberty Gold	LGD	TB	C\$ 1.14	BUY	C\$ 3.30	+189%	\$ 197	\$ 11	\$ 185	\$ 2.83	\$ 2.64	0.29	0.31	0.90	-	\$ 91	-	-	-	-	-	-	-	-	-	-	-	
GT Gold	GTT	TB	C\$ 1.27	BUY	C\$ 2.90	+126%	\$ 85	\$ 5	\$ 80	\$ 2.36	\$ 2.30	0.38	0.39	0.90	-	-	-	-	-	-	-	-	-	-	-	-	-	
Osino Resources	OSI	TB	C\$ 0.76	Spec BUY	C\$ 1.85	+143%	\$ 45	\$ 3	\$ 42	\$ 2.14	\$ 1.62	0.25	0.33	0.80	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rubicon Minerals ⁷	RMX	TB	C\$ 1.00	BUY	C\$ 2.90	+190%	\$ 68	\$ 1	\$ 66	\$ 2.71	\$ 2.56	0.26	0.28	0.80	-	\$ 52	-	-	-	-	-	-	-	-	-	-	-	
03 Mining	OIII	TB	C\$ 1.63	BUY	C\$ 4.90	+201%	\$ 54	\$ 21	\$ 33	\$ 5.10	\$ 4.64	0.23	0.25	0.75	-	\$ 7	-	-	-	-	-	-	-	-	-	-	-	
Great Bear Resources ⁷	GBR	TB	C\$ 8.00	Spec BUY	C\$ 11.00	+38%	\$ 260	\$ 12	\$ 248	\$ 7.63	\$ 7.63	0.74	0.74	1.00	-	-	-	-	-	-	-	-	-	-	-	-	-	
Aurion Resources ⁷	AU	TB	C\$ 0.99	Spec BUY	C\$ 3.50	+254%	\$ 57	\$ 15	\$ 42	\$ 2.89	\$ 2.67	0.24	0.26	1.00	-	-	-	-	-	-	-	-	-	-	-	-	-	
Troilus Gold ^{1,2,11}	TLG	TB	C\$ 0.79	BUY	C\$ 3.40	+330%	\$ 50	\$ 5	\$ 44	\$ 3.24	\$ 2.95	0.17	0.19	0.80	-	\$ 7	-	-	-	-	-	-	-	-	-	-	-	
Average												0.23	0.27	0.83	\$ 108	\$ 48				98							438	

Source: Stifel GMP estimates

Important Disclosures and Certifications

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that: (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe; and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein.

All relevant disclosures required by regulatory rules (including The Investment Industry Regulatory Organization of Canada) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department.

Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

The superscript(s) following the issuer name(s) mentioned in this report refers to the company-specific disclosures below. If there is no such superscript, then none of the disclosures are applicable and/or required.

Company-Specific Disclosures:

1. Stifel Canada or an affiliate has, within the previous 12 months, provided paid investment banking services to the issuer.
2. Stifel or an affiliate act as corporate broker and/or adviser to the Company.
3. Stifel Canada or an affiliate owns 1% or more of this issuer's securities.
4. An officer, director, or an employee of Stifel Canada or an affiliate is on the board of directors of the Company.
5. The analyst is related to an officer, director or advisory board member of this issuer.
6. The analyst has viewed the material operations of this issuer and the issuer paid all or a portion of the travel expenses associated with the analyst's site visit to its operations.
7. The analyst has viewed the material operations of this issuer.
8. The analyst and/or a member of their household has a position in this issuer's securities.
9. A member of the Board of Directors of this issuer is also a member of the Board of Directors of Stifel Canada.
10. The analyst owns this issuer's securities in a managed account but has no involvement in the investment decisions for that managed account.
11. Stifel Canada or an affiliate managed or co-managed a public offering of securities for the subject company in the past 12 months.
12. Stifel Canada or an affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.
13. Stifel Canada or an affiliate is a market maker or liquidity provider in the securities of the subject company.

Stifel Canada Analysts are compensated competitively based on several criteria. The Analyst compensation pool is comprised of several revenue sources, including secondary trading commissions, new issue commissions, investment banking fees, and directed payments from institutional clients.

The Stifel Canada research recommendation structure consists of the following ratings:

Buy: A Buy rating reflects 1) bullish conviction on the part of the analyst; and 2) typically a 15% or greater return to target.

Speculative Buy: A Speculative Buy rating reflects 1) bullish conviction on the part of the analyst accompanied by a substantially higher than normal risk, including the possibility of a binary outcome; and 2) typically a 30% or greater return to target.

Hold: A Hold rating reflects 1) a lack of bullish or bearish conviction on the part of the analyst; and 2) typically a return of 0 to 20%.

Reduce: A Reduce rating reflects 1) bearish conviction on the part of the analyst; and 2) typically a 5% or lower return to target.

Tender: Clients are advised to tender their shares to a takeover bid or similar offer.

Additional Disclosures

Please visit the Research Page at www.Stifel.com/Research for the current research disclosures.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

This report has been prepared by Stifel Nicolaus Canada Inc. ("Stifel Canada"), which is authorized and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC").

"Stifel", shall include our group affiliate companies: (i) Stifel, Nicolaus & Company, Incorporated ("SNC"); (ii) Keefe, Bruyette & Woods, Incorporated ("KBWI"), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("SEC") and members of the Financial Industry National Regulatory Authority ("FINRA"), respectively; (iii) Stifel Nicolaus Europe Limited ("SNEL"), which is authorized and regulated by the United Kingdom Financial Conduct Authority ("FCA") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("KBW Europe"); (iv) our MainFirst affiliates (collectively "MAINFIRST"): MainFirst Bank AG, which is regulated by the German Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"), MainFirst Schweiz AG, which is regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"), and MainFirst Securities US Inc. which is a U.S. broker-dealer registered with the SEC and a member of FINRA; and (v) Stifel Nicolaus Canada, Inc. ("Stifel Canada") which is authorized and regulated by Investment Industry Regulatory Organization of Canada (IIROC), and also trades under the names Stifel GMP & Stifel First Energy.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel Canada contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures:

Canada: Stifel Canada is a member of IIROC and a participant of the TSX, and TSX Venture Exchange. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8 Tel: (416) 367-8600.

United States: Research produced and distributed by Stifel Canada is distributed by Stifel Canada to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended.

UK and European Economic Area (EEA): This report is distributed in the EEA by Stifel Canada. Research produced by Stifel Canada is not intended for use by and should not be made available to non-professional clients.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy any relevant legal requirements in that country.

Additional Information is Available Upon Request

© 2020 Stifel Canada. This report is produced for the use of Stifel Canada customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel Canada.

CES Energy Solutions Corp.⁶

BUY

CEU-TSX

April 17, 2020

Last: C\$0.98
Target: C\$1.50

Suspending dividend

- CEU will be suspending its dividend, which follows its recent reduction of 75% to \$0.015/sh alongside 4Q19 results. The incremental annualized savings total \$3.9 mm. We view this as a prudent decision given the weak operating environment.
- CEU has also implemented reductions to management and board compensation as well as personnel and overhead. The company has also eliminated non-essential capital expenditures. Further details will be provided on its 1Q20 conference call on May 15, 2020.
- There are material reductions in our EBITDAS forecasts to reflect a reduced production chemicals outlook. Our EBITDAS estimates decline 43% in 2020e to \$77 mm and 54% in 2021e to \$55 mm. Our \$1.50/sh TP (1.5x 2021e P/TBV target multiple) and BUY rating are unchanged.

There is significant EBITDAS compression encapsulated in our estimates, however the company also sees the benefit of a \$127 mm working capital release in 2020e. As shown in Figure 3, we now forecast the company to generating FCF after working capital and dividends of \$126 mm in 2020e and -\$56 mm in 2021e, for a net positive change of \$71 mm over this period.

We believe that CEU will be in a position to exit 2020e and 2021e with only \$20 mm drawn on its credit facility while its \$291 mm of unsecured notes are termed out to 2024e. We are forecasting CEU to have \$215 mm (~90%) capacity on its credit facility exiting 2020e and 2021e. As such, we view CEU as being in a very strong liquidity position heading into what will likely be one of most challenging downturns since the 1980s. We do not expect CEU to violate its interest coverage covenant (see Figure 5) because it has built in temporary waivers within its credit facility and would only require covenant relief after four consecutive quarters of violation.

CEU's share price is down 58% on a YTD basis following the collapse in global energy prices and concerns about U.S. activity and production. CEU's favourable liquidity position and strong management leads us to believe the company is well prepared for the downturn, and its 2020e P/TBV valuation of 0.8x is currently an all-time low. We view the company as being amongst the best-positioned names in the sector.

Target & Rating	Old	New
Rating	BUY	n.c.
Target	\$1.50	n.c.
Dividend Yield		0.0%
Implied Total Return		56%

Share Data	2020e	2021e
Shares dil., mm	262	262
Mkt Cap, \$mm	\$257	\$257
EV, \$mm	\$522	\$571

Financial Data	2020e	2021e
Revenue, \$mm	\$992	\$867
EBITDAS, \$mm	\$77	\$55
EPS dil., \$/shr	(\$0.11)	(\$0.15)
CFPS dil., \$/shr	\$0.20	\$0.13
TBVPS dil., \$/shr	\$1.17	\$1.03

Net Capex, \$mm	\$30	\$30
Net Debt, \$mm	\$265	\$314
N.D./EBITDAS, x	3.4x	5.7x
ROCE, %	-1.0%	-2.7%
ROE, %	-4.4%	-6.0%

Valuation	2020e	2021e
EV/EBITDAS	6.7x	10.4x
Target EV/EBITDAS	8.5x	12.9x
P/E	-8.7x	-6.7x
P/CF	5.0x	7.8x
P/TBV	0.8x	1.0x

All figures in C\$ unless otherwise noted

[📊 Current Chart](#)
[📄 Previous Research](#)
Ian B. Gillies, MSc
ibgillies@stifel.com

(403) 262-0626

Cole J. Pereira, CPA
cjpereira@stifel.com

(403) 262-0642

Prepared by Stifel Nicolaus Canada Inc.

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications appear on the last three pages of this report.

Figure 1. Financial & operating information

CES Energy Solutions (CEU-TSX)		Historical & Stifel FirstEnergy Outlook						
Financial & Operation Information		2015	2016	2017	2018	2019	2020e	2021e
SNCFE OFS Macro Forecasts								
WCSB Rig Utilization	%	23%	17%	28%	29%	23%	19%	18%
WCSB Drilling Days	#	64,854	41,859	65,021	64,491	45,342	35,560	31,329
WCSB Wells Drilled	#	5,376	3,963	6,959	6,781	4,809	3,700	3,274
U.S. Active Land Rigs	#	945	486	856	1,014	920	564	550
WTI Price	US\$/bbl	\$48.80	\$43.39	\$50.86	\$64.76	\$57.03	\$34.09	\$35.76
WCS Price	\$/bbl	\$45.15	\$39.37	\$49.06	\$43.55	\$58.61	\$24.59	\$26.47
AECO Price	\$/mcf	\$2.70	\$2.17	\$2.19	\$1.52	\$1.78	\$1.96	\$2.10
Financial Performance								
Revenue	\$mm	\$750	\$568	\$1,030	\$1,271	\$1,277	\$992	\$867
Gross Margin	\$mm	\$192	\$146	\$287	\$325	\$325	\$211	\$163
EBITDAS	\$mm	\$99	\$48	\$152	\$167	\$167	\$77	\$55
Adj. Net Earnings	\$mm	\$6	(\$63)	\$36	\$45	\$30	(\$29)	(\$38)
Cash Flow	\$mm	\$95	\$18	\$117	\$137	\$135	\$52	\$33
Per Share Metrics								
EBITDAS	Diluted	\$0.44	\$0.20	\$0.56	\$0.62	\$0.63	\$0.29	\$0.21
Adj. EPS	Diluted	\$0.03	(\$0.27)	\$0.13	\$0.17	\$0.11	(\$0.11)	(\$0.15)
Adj. CFPS	Diluted	\$0.43	\$0.08	\$0.43	\$0.51	\$0.51	\$0.20	\$0.13
Tang. BVPS	Diluted	\$0.91	\$0.84	\$0.87	\$1.20	\$1.24	\$1.17	\$1.03
Capitalization								
Net Debt	\$mm	\$303	\$285	\$403	\$456	\$408	\$265	\$314
Net Debt/EBITDAS	Years	3.1x	6.0x	2.7x	2.7x	2.4x	3.4x	5.7x
Debt to Cap.	%	37%	35%	41%	40%	36%	32%	33%
Shares O/S	FD (avg)	222.3	242.7	269.8	268.1	265.8	262.1	261.8
	FD (eop)	220.4	264.9	268.3	265.9	264.0	261.8	261.8
Share Price	\$	3.88	7.66	6.53	3.15	2.33	0.98	0.98
Market Cap	\$mm	\$855	\$2,029	\$1,752	\$838	\$615	\$257	\$257
Enterprise Value	\$mm	\$1,159	\$2,314	\$2,155	\$1,293	\$1,023	\$522	\$571
Insider Holdings	%						6.9%	
Free Cash Flow								
EBITDAS	mm	99	48	152	167	167	77	55
Interest	mm	17	27	40	26	28	24	22
Current Taxes	mm	(13)	2	(5)	4	4	1	0
Lease costs	mm	0	0	0	0	22	18	20
Cap. Exp.	mm	46	35	62	77	49	30	30
Free Cash Flow	mm	49	(16)	55	61	65	3	(17)
FCF Yield	%	6%	-1%	3%	7%	11%	1%	-7%
Dividend	mm	(72)	(14)	(8)	(12)	(16)	(4)	0
Cash Avail. Post-Div.	mm	(23)	(31)	47	49	49	(1)	(17)
Dividend								
Dividend	\$/sh	0.32	0.05	0.03	0.05	0.06	0.02	0.00
Yield	%	8.3%	0.6%	0.5%	1.4%	2.6%	1.5%	0.0%
Payout Ratio	%	74%	60%	7%	9%	12%	8%	0%
Return Metrics								
ROE	%	-17%	-12%	6%	7%	4%	-4%	-6%
ROCE	%	-15%	-4%	7%	7%	6%	-1%	-3%
ROIC	%	-15%	-4%	7%	7%	10%	-2%	-5%
ROA	%	-9%	-7%	3%	4%	2%	-3%	-4%
Margins and Growth								
Gross Margin	%	26%	26%	28%	26%	25%	21%	19%
EBITDAS Margin	%	13%	8%	15%	13%	13%	8%	6%
Revenue Growth	%		-24%	81%	23%	0%	-22%	-13%
EBITDAS Growth	%		-52%	219%	10%	0%	-54%	-29%
EPS Growth	%		nmf	149%	26%	33%	201%	30%
Valuation		2015	2016	2017	2018	2019	2020e	2021e
EV/EBITDAS	x	11.7x	48.6x	14.2x	7.7x	6.1x	6.7x	10.4x
Target EV/EBITDAS	x						8.5x	12.9x
P/E - Adjusted	x	134.3x	-28.3x	49.4x	18.9x	20.9x	-8.7x	-6.7x
P/CF	x	9.0x	110.4x	15.0x	6.1x	4.5x	5.0x	7.8x
P/TBVPS	x	4.3x	9.1x	7.5x	2.6x	1.9x	0.8x	1.0x

We are forecasting the company to exit 2020e and 2021e with only \$20 mm drawn on its credit facility. CEU's \$291 mm of unsecured notes are termed out to 2024e.

Prior to working capital changes we are forecasting CEU to be FCF neutral in 2020e due to a strong 1Q20e.

CEU's 2020e P/TBV valuation of 0.8x is an all-time low.

Source: Stifel FirstEnergy, Company disclosures

Figure 2. Current vs. prior estimates

Current vs. Prior Estimates		2020e			2021e		
		New	Prior	Chg	New	Prior	Chg
Revenue	\$mm	992	1,160	-14.5%	867	1,117	-22.4%
Gross Margin	\$mm	211	295	-28.5%	163	279	-41.4%
Gross Margin (%)	%	21.3%	25.5%		18.8%	24.9%	
Cash G&A	\$mm	134	160	-16.2%	108	160	-32.2%
EBITDAS	\$mm	77	135	-43.0%	55	119	-53.8%
EBITDAS (%)	%	7.8%	11.7%		6.3%	10.6%	
EPS	\$/sh	(0.11)	0.06	-274.8%	(0.15)	0.05	-405.1%
CFPS	\$/sh	0.20	0.42	-52.6%	0.13	0.37	-65.7%
Net Debt	\$mm	265	293	-9.5%	314	255	23.2%
Net Debt/EBITDAS	x	3.4x	3.8x	-9.5%	5.7x	4.6x	23.2%
FCF (pre-dividend)	\$mm	3	61	-94.6%	(17)	46	-136.7%
Shares o/s (fd eop)	mm	262	262	0.0%	262	262	0.0%
Key Metrics							
US							
US Revenue	\$mm	708	842	-16.0%	619	829	-25.4%
US PC Touch Points	#	98,126	120,123	-18.3%	85,583	119,060	-28.1%
US DF Operating Days	#	27,734	27,746	0.0%	27,115	27,115	0.0%
US Revenue Per Day	C\$/day	5,622	5,694	-1.3%	5,490	5,673	-3.2%
US Revenue - USD	US\$	508	602	-15.7%	436	585	-25.4%
US Revenue Per Day+Touch Points	US\$/day	4,016	4,068	-1.3%	3,871	4,000	-3.2%
Canada							
Canadian Revenue	\$mm	284	318	-10.7%	249	288	-13.6%
Canadian PC Touch Points	#	27,773	31,585	-12.1%	25,375	31,269	-18.8%
Canadian DF Operating Days	#	13,513	14,252	-5.2%	11,905	11,563	3.0%
Canada Revenue Per Day+Touch Points	\$/day	6,886	6,943	-0.8%	6,670	6,719	-0.7%
Production Chemicals (estimate)							
Revenue	\$mm	720	883	-18.4%	616	869	-29.0%
Gross Margin	\$mm	187	264	-29.1%	142	255	-44.5%
Gross Margin (%)	%	26%	30%		23%	29%	
Drilling Fluids (estimate)							
Revenue	\$mm	258	263	-1.9%	239	237	0.9%
Gross Margin	\$mm	21	28	-24.9%	19	21	-9.9%
Gross Margin (%)	%	8%	11%		8%	9%	

Our 2020e revenue forecast declines 15% to \$992 mm due to reductions in pricing and production chemicals activity. We have also compressed our gross margin forecasts which drives a 43% reduction in EBITDAS to \$77 mm.

In 2021e similar factors result in a 22% decline in revenue to \$867 mm while EBITDAS declines 54% to \$55 mm.

Source: Stifel FirstEnergy, Company disclosures

Figure 3. Cash flow analysis

CEU Cash Flow Analysis			
	Unit	2020e	2021e
EBITDAS	\$mm	77	55
Interest	\$mm	(24)	(22)
Right-of-use Payments	\$mm	(18)	(20)
Cash Taxes	\$mm	(1)	0
Working Capital Change	\$mm	127	(39)
Cash Flow from Ops	\$mm	160	(26)
Cap. Exp.	\$mm	(30)	(30)
Free Cash Flow	\$mm	130	(56)
Dividend	\$mm	(4)	0
FCF After Dividends	\$mm	126	(56)

Source: Stifel FirstEnergy, Company disclosures

Figure 4. Covenants analysis

	CEU Covenants Analysis							
	1Q20e	2Q20e	3Q20e	4Q20e	1Q21e	2Q21e	3Q21e	4Q21e
Senior Funded Debt to EBITDA	2.5x	2.5x	2.5x	2.5x	2.5x	2.5x	2.5x	2.5x
SNCFE Forecast	0.5x	0.0x	-0.4x	-0.6x	-0.3x	-0.4x	0.0x	0.4x
Interest Coverage Ratio	2.5x	2.5x	2.5x	2.5x	1.5x	1.5x	1.5x	2.5x
SNCFE Forecast	6.3x	5.7x	4.6x	3.3x	2.0x	1.6x	2.0x	2.7x

Source: Stifel FirstEnergy, Company disclosures

We now forecast the company to generate FCF after working capital and dividends of \$126 mm in 2020e and -\$56 mm in 2021e, for a net positive change of \$71 mm over this period.

We expect CEU to remain in compliance with its covenants.

As part of CEU’s credit agreement, it is permitted to have an EBITDA to Interest ratio of 1.5x for three consecutive quarters as long as the EBITDA to Interest Expense reaches 2.5x by the fourth consecutive quarter. This is what our model currently contemplates during 2021e. During this period of lower EBITDA to Interest coverage, CEU must also have its applicable AR and inventory be at least 1.1x outstanding principal on the credit facility. We are not forecasting a covenant violation under these scenarios.

Figure 5. Debt summary

CEU Debt Summary				
Facility	Unit	2019	2020e	2021e
<i>Credit Facility (Matures September 2022)</i>				
Balance	\$mm	77	20	20
Letters of Credit	\$mm	0	0	0
Facility Size	\$mm	235	235	235
Availability	\$mm	158	215	215
Capacity	\$mm	67%	91%	91%
<i>Senior Notes</i>				
October 2024 Unsecured	\$mm	291	291	291
<i>Lease Liabilities and Other</i>				
Total	\$mm	45	27	7
Total Debt				
Total Debt	\$mm	413	337	318

We believe that CEU will be in a position to exit 2020e and 2021e with only \$20 mm drawn on its credit facility, and its \$291 mm of unsecured notes are termed out to 2024e.

Source: Stifel FirstEnergy, Company disclosures

Figure 6. Quarterly estimates

Quarterly Info	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20e	2Q20e	3Q20e	4Q20e	1Q21e	2Q21e	3Q21e	4Q21e
Revenue (\$mm)	300	284	339	348	333	313	316	316	331	256	210	195	214	206	216	231
EBITDAS (\$mm)	42	37	46	42	44	42	42	40	42	22	10	4	10	12	16	17
EPS dil., \$/shr	0.05	0.05	0.02	0.05	0.01	0.03	0.03	0.04	0.03	(0.02)	(0.06)	(0.07)	(0.05)	(0.04)	(0.03)	(0.02)
CFPS dil., \$/shr	0.13	0.11	0.14	0.12	0.13	0.12	0.13	0.12	0.13	0.06	0.01	(0.01)	0.02	0.02	0.04	0.05
Net Debt, \$mm	410	387	443	456	478	437	418	408	408	317	270	265	292	287	298	314
N.D./TTM EBITDAS (x)	2.6	2.4	2.7	2.7	2.8	2.5	2.5	2.4	2.5	2.2	2.4	3.4	6.5	8.3	7.2	5.7

Source: Stifel FirstEnergy, Company disclosures

Important Disclosures and Certifications

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that: (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe; and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein.

All relevant disclosures required by regulatory rules (including The Investment Industry Regulatory Organization of Canada) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department.

Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

The superscript(s) following the issuer name(s) mentioned in this report refers to the company-specific disclosures below. If there is no such superscript, then none of the disclosures are applicable and/or required.

Company-Specific Disclosures:

1. Stifel Canada or an affiliate has, within the previous 12 months, provided paid investment banking services to the issuer.
2. Stifel or an affiliate act as corporate broker and/or adviser to the Company.
3. Stifel Canada or an affiliate owns 1% or more of this issuer's securities.
4. An officer, director, or an employee of Stifel Canada or an affiliate is on the board of directors of the Company.
5. The analyst is related to an officer, director or advisory board member of this issuer.
6. The analyst has viewed the material operations of this issuer and the issuer paid all or a portion of the travel expenses associated with the analyst's site visit to its operations.
7. The analyst has viewed the material operations of this issuer.
8. The analyst and/or a member of their household has a position in this issuer's securities.
9. A member of the Board of Directors of this issuer is also a member of the Board of Directors of Stifel Canada.
10. The analyst owns this issuer's securities in a managed account but has no involvement in the investment decisions for that managed account.
11. Stifel Canada or an affiliate managed or co-managed a public offering of securities for the subject company in the past 12 months.
12. Stifel Canada or an affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.
13. Stifel Canada or an affiliate is a market maker or liquidity provider in the securities of the subject company.

Stifel Canada Analysts are compensated competitively based on several criteria. The Analyst compensation pool is comprised of several revenue sources, including secondary trading commissions, new issue commissions, investment banking fees, and directed payments from institutional clients.

The Stifel Canada research recommendation structure consists of the following ratings:

Buy: A Buy rating reflects 1) bullish conviction on the part of the analyst; and 2) typically a 15% or greater return to target.

Speculative Buy: A Speculative Buy rating reflects 1) bullish conviction on the part of the analyst accompanied by a substantially higher than normal risk, including the possibility of a binary outcome; and 2) typically a 30% or greater return to target.

Hold: A Hold rating reflects 1) a lack of bullish or bearish conviction on the part of the analyst; and 2) typically a return of 0 to 20%.

Reduce: A Reduce rating reflects 1) bearish conviction on the part of the analyst; and 2) typically a 5% or lower return to target.

Tender: Clients are advised to tender their shares to a takeover bid or similar offer.

Additional Disclosures

Please visit the Research Page at www.Stifel.com/Research for the current research disclosures.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

This report has been prepared by Stifel Nicolaus Canada Inc. ("Stifel Canada"), which is authorized and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC").

"Stifel", shall include our group affiliate companies: (i) Stifel, Nicolaus & Company, Incorporated ("SNC"); (ii) Keefe, Bruyette & Woods, Incorporated ("KBWI"), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("SEC") and members of the Financial Industry National Regulatory Authority ("FINRA"), respectively; (iii) Stifel Nicolaus Europe Limited ("SNEL"), which is authorized and regulated by the United Kingdom Financial Conduct Authority ("FCA") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("KBW Europe"); (iv) our MainFirst affiliates (collectively "MAINFIRST"): MainFirst Bank AG, which is regulated by the German Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"), MainFirst Schweiz AG, which is regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"), and MainFirst Securities US Inc. which is a U.S. broker-dealer registered with the SEC and a member of FINRA; and (v) Stifel Nicolaus Canada, Inc. ("Stifel Canada") which is authorized and regulated by Investment Industry Regulatory Organization of Canada (IIROC), and also trades under the names Stifel GMP & Stifel First Energy.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel Canada contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures:

Canada: Stifel Canada is a member of IIROC and a participant of the TSX, and TSX Venture Exchange. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8 Tel: (416) 367-8600.

United States: Research produced and distributed by Stifel Canada is distributed by Stifel Canada to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended.

UK and European Economic Area (EEA): This report is distributed in the EEA by Stifel Canada. Research produced by Stifel Canada is not intended for use by and should not be made available to non-professional clients.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy any relevant legal requirements in that country.

Additional Information is Available Upon Request

© 2020 Stifel Canada. This report is produced for the use of Stifel Canada customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel Canada.

Gear Energy Ltd.⁸

REDUCE

GXE-TSX

April 17, 2020

Last: C\$0.12
Target: C\$0.10

Announces production curtailments

- Given the sustained and ongoing deterioration witnessed within the commodity price complex of late, Gear has opted to pursue cost rationalization initiatives beyond the effective [pause of capital](#) announced a few weeks prior, as the company continues to prioritize its balance sheet above all else.
- To that end, Gear has immediately begun to shut-in production, intimating volumes will decrease to ~3,600 boe/d in April, down from the ~6,700 boe/d exit tally noted in 1Q20e, and will settle near ~800 boe/d beginning in May.
- Additionally, Gear has further implemented a 20% reduction to salaries for all employees and non-management directors' fees.
- We have revised our outlook to reflect curtailments, as profiled by management, extending through the entirety of 2Q20e, though forecast the resumption of production beginning July 2020e, dependent upon the prevailing forward strip. All said, our production estimates are down 18% as a result, though FFO is up 32%, a function of the lower variable cost impact on projected hedging gains of \$20mm.
- At this time, we have opted to retain our prior \$0.10 target price, implicit of a 4.9x 2020e EV/DACF, while continuing to support a REDUCE rating.

Outlook. With 2/3 of field operating costs said to be variable in nature, the company believes the aforementioned curtailments and G&A reductions are the best path forward to maximize FFO generation within the current commodity environment, a sentiment shared by our revised forecast. The company intends to remain flexible, and will consider re-formalizing guidance at some point in the near future, though for all intents and purposes, will effectively be treading water in the near term.

Liquidity. The company exited 2019 with \$64.3 mm drawn on its \$90 mm LOC, though with a semi-annual review slated to occur on or before May 31, 2020, a reduction to Gear's borrowing base would not be unexpected. This uncertainty could complicate any potential cash redemption of its \$13.2 mm convertible debentures due November 2020, though given the company is able to settle this debenture with shares, and sizeable ownership crossover between the debenture and equity holders, we believe there to be a better chance of a refinancing if things remain status quo.

Rating & target	Old	New
Rating	REDUCE	n.c.
Target	\$0.10	n.c.
Dividend yield		0%
Total projected return		-17%

Share data	2019	2020e	2021e
Shares dil., mm	218	218	218
Mkt cap, \$mm	\$102	\$26	\$26
EV, \$mm	\$172	\$94	\$101
Target EV, \$mm	\$91	\$89	\$97

Financial data	2019	2020e	2021e
Gas, mmcf/d	4	4	4
Liquids, bbl/d	6,253	4,394	4,240
Total boe/d	6,962	5,000	4,825
Net capex, \$mm	\$36	\$13	\$5
Net debt, \$mm	\$69	\$67	\$75
AFFOPS, \$/shr	\$0.28	\$0.07	(\$0.01)

Consensus data	2019	2020e	2021e
Total boe/d	6,984	5,994	5,295
Net capex, \$mm	\$40	\$13	\$23
Net debt, \$mm	\$73	\$60	\$62
AFFOPS, \$/shr	\$0.28	\$0.13	\$0.11

Valuation	2019	2020e	2021e
Share price, \$/shr	\$0.47	\$0.12	\$0.12
EV/DACF	2.6x	5.2x	232.5x
TARGET EV/DACF	1.4x	4.9x	222.5x
EV/FCFF*	9.2x	-7.6x	-3.9x
EV per boe/d	\$24,638	\$18,708	\$20,977

Net asset value, 10% Atax	
CNAV, \$/shr	(\$0.25)
RENAV, \$/shr	(\$0.27)
ENAV, \$/shr	(\$0.28)
P/CNAV	-0.5x
P/RENAV	-0.4x
P/ENAV	-0.4x

All figures in C\$ unless otherwise noted
Consensus data from Thomson Eikon, if available
*Denotes FCF based on estimated half-cycle maintenance (stay flat) capex requirements

[Current Chart](#)
[Previous Research](#)

Robert J. Fitzmartyn, P.Eng. (403) 262-0648
rfitzmartyn@stifel.com

Kalvin R. Baim, CPA (403) 262-0641
krbaim@stifel.com

Prepared by Stifel Nicolaus Canada Inc.

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications appear on the last three pages of this report.

Figure 1. Financials & operations

Gear Energy Ltd. (GXE)		2015	2016	2017	2018	2019	2020e	2021e
Financial & Operating Information^(A)								
Commodity Prices								
WTI (NYMEX)	US\$/bbl	\$48.80	\$43.39	\$50.86	\$64.76	\$57.03	\$33.33	\$35.70
Edmonton Light	C\$/bbl	\$58.38	\$53.05	\$62.86	\$68.42	\$69.08	\$32.53	\$39.63
Henry Hub (NYMEX)	US\$/mcf	\$2.63	\$2.55	\$3.02	\$3.07	\$2.53	\$1.99	\$2.59
AECO Spot	C\$/mcf	\$2.70	\$2.17	\$2.19	\$1.52	\$1.78	\$2.00	\$2.40
USD/CAD	US\$	0.784	0.755	0.771	0.772	0.754	0.719	0.712
Production								
Natural Gas	mmcf/d	0.9	3.1	5.4	4.7	4.3	3.6	3.5
Oil & Liquids	bbl/d	5,513	4,642	5,615	6,007	6,253	4,394	4,240
Total - boe/d (6 mcf = 1 boe)	boe/d	5,670	5,152	6,511	6,787	6,962	5,000	4,825
% Natural Gas (6 mcf = 1 boe)	%	3%	10%	14%	11%	10%	12%	12%
Netbacks								
Operating Netback	\$/boe	\$15.61	\$15.65	\$22.09	\$21.97	\$28.25	\$1.83	\$3.40
Cash Netback	\$/boe	\$18.96	\$15.31	\$18.32	\$14.30	\$24.34	\$8.37	(\$1.52)
Key Financials								
Adj. Funds Flow from Ops. (AFFO)	\$mm	\$39	\$29	\$44	\$35	\$62	\$15	(\$3)
AFFOPS - diluted	\$/shr	\$0.54	\$0.22	\$0.21	\$0.16	\$0.27	\$0.07	(\$0.01)
Free Cash Flow* (FCF*)	\$mm	n.a.	n.a.	n.a.	n.a.	\$16	(\$15)	(\$29)
EBITDAX	\$mm	\$42	\$31	\$46	\$38	\$66	\$19	\$1
EPS - diluted	\$/shr	(\$1.34)	(\$0.18)	\$0.05	\$0.02	(\$0.03)	(\$0.08)	(\$0.13)
E&D Capex	\$mm	\$15	\$14	\$48	\$44	\$37	\$13	\$5
A&D Capex, Net	\$mm	(\$1)	\$58	\$2	\$66	(\$1)	\$0	\$0
Total Net Capex	\$mm	\$14	\$72	\$49	\$110	\$36	\$13	\$5
Total Net Capex/AFFO	x	0.4x	2.5x	1.1x	3.1x	0.6x	0.8x	-1.9x
Leverage								
Bank Debt + WC Deficiency	\$mm	\$51	\$23	\$30	\$74	\$57	\$67	\$75
Line of Credit (LOC)	\$mm	\$60	\$50	\$55	\$115	\$90	\$90	\$90
Bank Debt/LOC	x	0.9x	0.5x	0.5x	0.6x	0.6x	0.7x	0.8x
Net Debt	\$mm	\$65	\$35	\$42	\$86	\$69	\$67	\$75
Net Debt/AFFO (trailing)	x	1.7x	1.2x	1.0x	2.4x	1.1x	4.4x	-28.1x
Net Debt/AFFO (forward)	x	2.3x	0.8x	1.2x	1.4x	4.5x	-25.2x	
Capital Structure								
Basic Shares o/s @ YE	mm	85	193	195	219	218	218	218
Diluted Shares o/s @ YE	mm	85	193	196	219	218	218	218
Market Capitalization	\$mm	\$45	\$227	\$167	\$125	\$102	\$26	\$26
Enterprise Value (EV)	\$mm	\$111	\$262	\$209	\$211	\$172	\$94	\$101
Target Enterprise Value (EV)	\$mm	\$111	\$262	\$209	\$211	\$91	\$89	\$97
Dividends & Sustainability								
Dividends Declared	\$mm	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends Declared	\$/shr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dividend Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Payout Ratio - diluted	%	0%	0%	0%	0%	0%	0%	0%
Cash Use/AFFO (net of DRIP)	%	38%	50%	110%	124%	60%	85%	-187%
Performance								
Prod. Per Shr Growth (Y/Y) - dil.	%	-11%	-2%	-20%	0%	-1%	-25%	-4%
PPS Growth (Y/Y) DDA - dil.	C %	-24%	-5%	-19%	-11%	-14%	-5%	-11%
AFFOPS Growth (Y/Y) - dil.	%	-51%	-32%	-4%	-22%	69%	-74%	-117%
AFFOPS Growth (Y/Y) DDA - dil.	C %	-58%	-34%	-3%	-31%	46%	-67%	-116%
ROCE	%	-43%	-9%	5%	3%	3%	-8%	-16%
AROC***	%	-41%	1%	4%	-3%	8%	-8%	-16%
CROCE***	%	19%	26%	26%	16%	27%	8%	0%
Net Asset Value								
CNAV (Atax, 10%) - diluted	\$/shr	-\$0.76	\$0.34	\$0.38	\$0.32	-\$0.25	-\$0.25	
RENAV (Atax, 10%) - diluted	\$/shr	-\$0.72	\$0.42	\$0.35	\$0.32	-\$0.27	-\$0.27	
ENAV (Atax, 10%) - diluted	\$/shr	-\$0.48	\$0.61	\$0.39	\$0.43	-\$0.28	-\$0.28	
P/CNAV	x	-0.7x	3.5x	2.2x	1.8x	-1.9x	-0.5x	
P/RENAV	x	-0.7x	2.8x	2.4x	1.8x	-1.7x	-0.4x	
P/ENAV	x	-1.1x	1.9x	2.2x	1.3x	-1.7x	-0.4x	
Valuation								
Share Price, YE/Current	\$/shr	\$0.53	\$1.18	\$0.85	\$0.57	\$0.47	\$0.12	\$0.12
EV/DACF	x	2.7x	8.6x	4.6x	5.6x	2.6x	5.2x	232.5x
Target EV/DACF	x	3.0x	1.8x	1.4x	2.9x	1.4x	4.9x	222.5x
EV/FCF*		n.a.	n.a.	n.a.	n.a.	9.2x	-7.6x	-3.9x
EV/EBITDAX	B x	2.6x	8.4x	4.6x	5.5x	2.6x	4.9x	71.4x
EV per boe/d	\$/boepd	\$19,490	\$50,900	\$32,030	\$31,128	\$24,638	\$18,708	\$20,977
P/CF	x	1.0x	5.4x	4.1x	3.5x	1.7x	1.7x	-9.8x

(A) C\$ before royalties unless otherwise noted; (B) EBITDAX = Pre-Int. & Pre-Tax Cash Flow; (C) DDA = Debt-and-Dividend-Adjusted
(D) CNAV incl. 2P reserves, RENAV incl. 2P reserves + Risked LT inventory upside, ENAV incl. 2P reserves + Unrisked LT inventory upside
*Denotes FCF based on estimated half-cycle maintenance (stay flat) capex requirements; **Futures strip as of 15-Apr-20
***AROC or CROCE = (EBIT-unrlzd hedging) or (FFO+Interest Expense) divided by (2 yr avg trailing se equity + 2 yr avg trailing net debt)

Source: Stifel FirstEnergy, Company disclosures

Realized hedging gains represent ~130% of AFFO in 2020e.

With the company's hedge book falling off exiting 2020e, we portray AFFO falling to -\$3 mm in 2021e.

Figure 2. Current vs. prior estimates

Gear Energy Ltd.		2020e			2021e		
		New	Prior	Chg	New	Prior	Chg
Production							
Natural Gas	mmcf/d	3.6	4.5	-18%	3.5	3.5	
Oil & Liquids	bbl/d	4,394	5,382	-18%	4,240	4,240	
Total (6 mcf:1 boe)	boe/d	5,000	6,125	-18%	4,825	4,825	
Key Financials							
AFFO	\$mm	15	12	+32%	(3)	(2)	+39%
AFFOPS - diluted	\$/shr	0.07	0.05	+32%	(0.01)	(0.01)	+39%
E&D Capex	\$mm	13	13		5	5	
Total Net Capex	\$mm	13	13		5	5	
Dividends Declared	\$mm	0	0		0	0	
Net Debt	\$mm	67	83	-19%	75	90	-16%
Net Debt/AFFO (Trailing)	x	4.4x	7.2x	-38%	-28.1x	-46.7x	-40%
Netbacks							
Realized Price	\$/boe	24.12	21.35	+13%	25.73	25.73	
Royalties	\$/boe	(2.41)	(2.13)	+13%	(2.57)	(2.57)	
Production Costs	\$/boe	<u>(19.88)</u>	<u>(19.20)</u>	<u>+4%</u>	<u>(19.75)</u>	<u>(19.51)</u>	<u>+1%</u>
Operating Netback	\$/boe	1.83	0.02	+51.81	3.40	3.65	-7%
Interest	\$/boe	(2.07)	(1.83)	+13%	(2.32)	(2.74)	-15%
G&A, Cash Portion	\$/boe	(2.40)	(2.00)	+20%	(2.60)	(2.00)	+30%
Rizd Gain (Loss) on Hedges	\$/boe	11.01	8.99	+23%	0.00	0.00	
Other Cash Income (Expenses)	\$/boe	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>	<u>0.00</u>	
Cash Netback	\$/boe	8.37	5.18	+62%	(1.52)	(1.09)	+39%
Adjusted Funds Flow from Operations (AFFO)							
Upstream Netback	\$mm	3	0	+53.3	6	6	-7%
Hedging, Realized	\$mm	20	20		0	0	
G&A, Cash Portion	\$mm	(4)	(4)	-2%	(5)	(4)	+30%
Other Cash Items	\$mm	<u>0</u>	<u>0</u>	<u>-20%</u>	<u>0</u>	<u>0</u>	<u>+50.0</u>
EBITDAX	\$mm	19	16	+22%	1	3	-51%
Interest	\$mm	(4)	(4)	-8%	(4)	(5)	-15%
Current Income Tax	\$mm	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	
AFFO	\$mm	15	12	+32%	(3)	(2)	+39%
Net Asset Value							
CNAV (Atax, 10%)	\$/shr	(0.25)	(0.25)				
RENAV (Atax, 10%)	\$/shr	(0.27)	(0.27)				
ENAV (Atax, 10%)	\$/shr	(0.28)	(0.28)				
Valuation							
EV/DACF	x	5.2	7.4	-30%	232.5	66.1	+166.4x
Target EV/DACF	x	4.9	7.1	-31%	222.5	64.2	+158.3x

We have reduced our forecast by 1,125 boe/d, all of which is compartmentalized into 2Q20e, though the resumption of production in July 2020e is obviously dynamic, and at risk should current price levels persist.

Without formal guidance at this time, and the volatile nature of the current price outlook, we have opted to leave our 2021e estimates unchanged as we await greater clarity surrounding the price-demand structure leading into 2021e.

Source: Stifel FirstEnergy, Company disclosures

Figure 3. Liquidity and debt profile

Gear Energy Ltd.				
Facility	Unit	2019	2020e	2021e
<i>Credit Facility (stated term May 2020)</i>				
Bank Debt	C\$m	64	64	64
WCD	C\$m	-8	3	11
Letters of Credit	C\$m			
Facility Size ^a	C\$m	90	90	90
Availability	C\$m	33	23	15
Availability	%	37%	25%	17%
<i>Convertible Debentures</i>				
2020 Unsecured	C\$m	13		
Total Convertible Debentures	\$mm	13	0	0
<i>Total Debt</i>				
Net Debt	C\$m	69	67	75
Total Debt	C\$m	70	67	75
<i>ARO & Other</i>				
Total	C\$m	86	86	86
<i>ARO & Other</i>				
Net Debt + ARO & Other	C\$m	155	153	161

a - Includes operating facilities

Gear Energy Cash Flow Analysis				
	Unit	2019	2020e	2021e
EBITDAX	\$mm	66	19	1
Interest	\$mm	(4)	(4)	(4)
Right-of-Use Liability	\$mm			
Current Taxes	\$mm	0	0	0
Working Capital Change	\$mm			
AFFO	\$mm	62	15	(3)
Capex (E&D)	\$mm	37	13	5
Capex (Net)	\$mm	36	13	5

Free Cash Flow

FCFE	\$mm	25	2	(8)
FCFF	\$mm	28	5	(5)
FCF*	\$mm	16	(15)	(29)
FCFF*	\$mm	19	(12)	(26)
Dividends	\$mm	0	0	0
FCFE After Dividends	\$mm	25	2	(8)
FCFF* After Dividends	\$mm	19	(12)	(26)

FCF and *FCFF* represent FCF to common Equity and to Firm, respectively, relative to est. 1/2 cycle sustaining capex

Gear Energy Covenants Analysis								
	1Q20e	2Q20e	3Q20e	4Q20e	1Q21e	2Q21e	3Q21e	4Q21e
Covenant - Adjusted Working Capital	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x

Source: Stifel FirstEnergy, Company disclosures

Figure 4. Quarterly information

Quarterly Info ^A	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20e	2Q20e	3Q20e	4Q20e	1Q21e	2Q21e	3Q21e	4Q21e
Gas, mmcfd	5.2	4.8	4.6	4.1	3.8	4.0	4.3	4.9	4.9	1.3	4.0	4.4	3.8	3.6	3.4	3.2
Liquids, bbl/d	5,651	6,225	5,980	6,165	6,246	6,498	6,206	6,066	5,887	1,514	4,858	5,301	4,649	4,364	4,101	3,856
Total, boe/d	6,523	7,026	6,748	6,847	6,877	7,161	6,922	6,888	6,700	1,723	5,528	6,032	5,290	4,967	4,667	4,388
Adj. FFO, \$mm	\$8	\$14	\$12	\$2	\$15	\$17	\$16	\$14	\$7	\$7	(\$0)	\$1	(\$1)	(\$0)	(\$1)	(\$1)
FFOPS dil., \$/shr	\$0.04	\$0.07	\$0.05	\$0.01	\$0.07	\$0.07	\$0.07	\$0.06	\$0.03	\$0.03	(\$0.00)	\$0.00	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
E&D Capex, \$mm	\$9	\$6	\$19	\$9	\$9	\$3	\$12	\$13	\$11	\$1	\$1	\$0	\$1	\$1	\$1	\$1
A&D Net, \$mm	\$0	\$0	\$65	\$0	(\$1)	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Capex, \$mm	\$10	\$6	\$84	\$10	\$8	\$3	\$12	\$13	\$11	\$1	\$1	\$0	\$1	\$1	\$1	\$1
Bank Debt & WCD*	\$33	\$25	\$70	\$74	\$70	\$57	\$56	\$57	\$61	\$54	\$55	\$67	\$69	\$71	\$73	\$75
Net Debt, \$mm	\$45	\$38	\$83	\$86	\$82	\$70	\$69	\$69	\$73	\$67	\$68	\$67	\$69	\$71	\$73	\$75

*Bank Debt & Working Capital Deficit, \$mm ^AFor annual estimates see the FinOp table on page 2

Source: Stifel FirstEnergy, Company disclosures

Figure 5. Commodity price scenarios

Commodity Price Scenarios [*] C\$, before royalties, unless noted	Low Deck			Mid-Low Deck			Mid-High Deck			High Deck			
	2019	2020e	2021e	2019	2020e	2021e	2019	2020e	2021e	2019	2020e	2021e	
Crude Oil Sensitivity													
WTI (NYMEX)	US\$/bbl	57.03	26.54	20.00	57.03	34.04	30.00	57.03	41.54	40.00	57.03	49.04	50.00
Henry Hub (NYMEX)	US\$/mcf	2.53	1.99	2.59	2.53	1.99	2.59	2.53	1.99	2.59	2.53	1.99	2.59
USD/CAD	US\$	0.754	0.719	0.712	0.754	0.719	0.712	0.754	0.719	0.712	0.754	0.719	0.712
Edmonton Light	C\$/bbl	69.08	22.98	17.56	69.08	33.53	31.62	69.08	44.08	45.67	69.08	54.63	59.72
AECO Spot	C\$/mcf	1.78	2.00	2.40	1.78	2.00	2.40	1.78	2.00	2.40	1.78	2.00	2.40
Key Financial & Operating Information													
Total Production (6 mcf: 1 boe)	boe/d	6,962	5,000	4,825	6,962	5,000	4,825	6,962	5,000	4,825	6,962	5,000	4,825
Operating Netback	\$/boe	28.25	(6.11)	(13.22)	28.25	1.04	(2.60)	28.25	8.19	8.02	28.25	15.34	18.64
AFFO	\$mm	62	4	(32)	62	11	(13)	62	18	5	62	22	24
AFFOPS, dil.	\$/shr	0.27	0.02	(0.15)	0.27	0.05	(0.06)	0.27	0.08	0.03	0.27	0.10	0.11
EBITDAX	\$mm	66	8	(28)	66	15	(9)	66	22	10	66	26	28
Net Capex	\$mm	36	13	5	36	13	5	36	13	5	36	13	5
Cash Use/AFFO	\$mm	60%	320%	-16%	60%	116%	-38%	60%	73%	92%	60%	58%	21%
Net Debt	\$mm	69	79	116	69	72	90	69	65	64	69	60	41
Net Debt/AFFO (Trailing)	x	1.1	19.4	(3.6)	1.1	6.4	(6.8)	1.1	3.6	11.8	1.1	2.7	1.7
DACF Multiple													
EV/DACF	^b x	2.6	15.2	(4.9)	2.6	6.9	(11.4)	2.6	4.4	10.6	2.6	3.4	2.5
Target EV/DACF	^b x	1.4	14.6	(4.8)	1.4	6.6	(11.0)	1.4	4.2	10.1	1.4	3.3	2.3
Natural Gas Sensitivity													
WTI (NYMEX)	US\$/bbl	57.03	33.33	35.70	57.03	33.33	35.70	57.03	33.33	35.70	57.03	33.33	35.70
Henry Hub (NYMEX)	US\$/mcf	2.53	1.70	1.65	2.53	1.89	1.90	2.53	2.08	2.15	2.53	2.27	2.40
USD/CAD	US\$	0.754	0.719	0.712	0.754	0.719	0.712	0.754	0.719	0.712	0.754	0.719	0.712
Edmonton Light	C\$/bbl	69.08	32.53	39.63	69.08	32.53	39.63	69.08	32.53	39.63	69.08	32.53	39.63
AECO Spot	C\$/mcf	1.78	1.59	1.08	1.78	1.85	1.43	1.78	2.12	1.78	1.78	2.38	2.13
Key Financial & Operating Information													
Total Production (6 mcf: 1 boe)	boe/d	6,962	5,000	4,825	6,962	5,000	4,825	6,962	5,000	4,825	6,962	5,000	4,825
Operating Netback	\$/boe	28.25	1.52	2.53	28.25	1.67	2.76	28.25	1.83	2.99	28.25	1.98	3.22
AFFO	\$mm	62	15	(4)	62	15	(4)	62	15	(3)	62	16	(3)
AFFOPS, dil.	\$/shr	0.27	0.07	(0.02)	0.27	0.07	(0.02)	0.27	0.07	(0.02)	0.27	0.07	(0.01)
EBITDAX	\$mm	66	19	(0)	66	19	0	66	19	1	66	19	1
Net Capex	\$mm	36	13	5	36	13	5	36	13	5	36	13	5
Cash Use/AFFO	\$mm	60%	88%	-119%	60%	86%	-131%	60%	85%	-147%	60%	83%	-167%
Net Debt	\$mm	69	68	77	69	68	77	69	67	76	69	67	75
Net Debt/AFFO (Trailing)	x	1.1	4.6	(18.3)	1.1	4.5	(20.1)	1.1	4.4	(22.3)	1.1	4.3	(25.1)
DACF Multiple													
EV/DACF	^b x	2.6	5.3	(94.0)	2.6	5.2	(147.8)	2.6	5.2	(352.5)	2.6	5.1	874.0
Target EV/DACF	^b x	1.4	5.1	(90.0)	1.4	5.0	(141.6)	1.4	4.9	(337.5)	1.4	4.8	836.4

^a) Cash Use/ Net of any DRIP; ^b) Current Share Price at 16-Apr: \$0.12; Target Price: \$0.10; * Go-forward price decks for WTI, FX, and Henry Hub for the current year are equal to the price deck shown for Year 2

Source: Stifel FirstEnergy, Company disclosures

Important Disclosures and Certifications

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that: (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe; and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein.

All relevant disclosures required by regulatory rules (including The Investment Industry Regulatory Organization of Canada) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department.

Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

The superscript(s) following the issuer name(s) mentioned in this report refers to the company-specific disclosures below. If there is no such superscript, then none of the disclosures are applicable and/or required.

Company-Specific Disclosures:

1. Stifel Canada or an affiliate has, within the previous 12 months, provided paid investment banking services to the issuer.
2. Stifel or an affiliate act as corporate broker and/or adviser to the Company.
3. Stifel Canada or an affiliate owns 1% or more of this issuer's securities.
4. An officer, director, or an employee of Stifel Canada or an affiliate is on the board of directors of the Company.
5. The analyst is related to an officer, director or advisory board member of this issuer.
6. The analyst has viewed the material operations of this issuer and the issuer paid all or a portion of the travel expenses associated with the analyst's site visit to its operations.
7. The analyst has viewed the material operations of this issuer.
8. The analyst and/or a member of their household has a position in this issuer's securities.
9. A member of the Board of Directors of this issuer is also a member of the Board of Directors of Stifel Canada.
10. The analyst owns this issuer's securities in a managed account but has no involvement in the investment decisions for that managed account.
11. Stifel Canada or an affiliate managed or co-managed a public offering of securities for the subject company in the past 12 months.
12. Stifel Canada or an affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.
13. Stifel Canada or an affiliate is a market maker or liquidity provider in the securities of the subject company.

Stifel Canada Analysts are compensated competitively based on several criteria. The Analyst compensation pool is comprised of several revenue sources, including secondary trading commissions, new issue commissions, investment banking fees, and directed payments from institutional clients.

The Stifel Canada research recommendation structure consists of the following ratings:

Buy: A Buy rating reflects 1) bullish conviction on the part of the analyst; and 2) typically a 15% or greater return to target.

Speculative Buy: A Speculative Buy rating reflects 1) bullish conviction on the part of the analyst accompanied by a substantially higher than normal risk, including the possibility of a binary outcome; and 2) typically a 30% or greater return to target.

Hold: A Hold rating reflects 1) a lack of bullish or bearish conviction on the part of the analyst; and 2) typically a return of 0 to 20%.

Reduce: A Reduce rating reflects 1) bearish conviction on the part of the analyst; and 2) typically a 5% or lower return to target.

Tender: Clients are advised to tender their shares to a takeover bid or similar offer.

Additional Disclosures

Please visit the Research Page at www.Stifel.com/Research for the current research disclosures.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

This report has been prepared by Stifel Nicolaus Canada Inc. ("Stifel Canada"), which is authorized and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC").

"Stifel", shall include our group affiliate companies: (i) Stifel, Nicolaus & Company, Incorporated ("SNC"); (ii) Keefe, Bruyette & Woods, Incorporated ("KBWI"), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("SEC") and members of the Financial Industry National Regulatory Authority ("FINRA"), respectively; (iii) Stifel Nicolaus Europe Limited ("SNEL"), which is authorized and regulated by the United Kingdom Financial Conduct Authority ("FCA") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("KBW Europe"); (iv) our MainFirst affiliates (collectively "MAINFIRST"): MainFirst Bank AG, which is regulated by the German Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"), MainFirst Schweiz AG, which is regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"), and MainFirst Securities US Inc. which is a U.S. broker-dealer registered with the SEC and a member of FINRA; and (v) Stifel Nicolaus Canada, Inc. ("Stifel Canada") which is authorized and regulated by Investment Industry Regulatory Organization of Canada (IIROC), and also trades under the names Stifel GMP & Stifel First Energy.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel Canada contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures:

Canada: Stifel Canada is a member of IIROC and a participant of the TSX, and TSX Venture Exchange. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8 Tel: (416) 367-8600.

United States: Research produced and distributed by Stifel Canada is distributed by Stifel Canada to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended.

UK and European Economic Area (EEA): This report is distributed in the EEA by Stifel Canada. Research produced by Stifel Canada is not intended for use by and should not be made available to non-professional clients.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy any relevant legal requirements in that country.

Additional Information is Available Upon Request

© 2020 Stifel Canada. This report is produced for the use of Stifel Canada customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel Canada.

Tricon Capital Group^{7,12}

BUY

TCN-TSX

April 17, 2020

Last: **C\$7.37**
Target: **C\$14.25****FLASH: Positive COVID-19 operations update**

Impact: Slight positive. April rent collection is tracking near normal, liquidity position appears sufficient to cover extended downturn in 2020.

- Last night TCN provided a positive operational update on business conditions. Overall, rent collections have been tracking close to historical levels and same home occupancy in SFR is at all-time highs. We think TCN has ample liquidity to weather the impact in 2020 and as such patient investors have the opportunity to achieve outsized returns at current levels.
- **TAH.** Within SFR, TCN has collected over 90% of April rents month to date vs. 95% historically. At the end of March same home occupancy was a record 97%. Less than 1% of renters have requested rent deferrals. TAH has temporarily paused SFR acquisitions to support its balance sheet which is reasonable given the uncertainty of near term economic conditions. The company acquired 538 homes in Q1/20 and is projected to close an additional 60-70 homes in Q2/20.
- **TLR US.** In the multi-family portfolio, occupancy stood at 95% at the end of March, in line with prior periods. April rent collection is tracking at 92% vs. 96% historically. Approximately 3% of residents have requested rent deferral plans.
- **Financial condition.** At the parent company level TCN ended Q1/20 with approximately \$175mm undrawn on its \$500mm credit facility and \$53mm in cash. There are no bullet debt maturities in 2020 or 2021. Within TAH, the segment has \$337mm in scheduled debt repayments (100% basis) in 2020 which are extendible by one year at the option of TCN. The US multi-family portfolio (TLR US) has \$116mm of scheduled debt repayments in 2020 on its credit facility (which could be extended). We think the undrawn portion of the parent company credit facility is sufficient to provide liquidity for TCN in our 2020 stressed scenario model assumptions.
- **Q1/20 preview.** TCN will hold its Q1/20 earnings conference call on May 15 at 10:00 AM EST: (866) 521-4909 (Conference ID 4539588). We are looking for Q1/20 FFOPS F.D. of \$0.14.

Recommendation: Maintain BUY rating and \$14.25 target

- Our C\$14.25 target (rounded) is based on a 1.0x multiple to our C\$NAVPS estimate. **BUY.**

Share Statistics

Shares o/s (mm, basic/f.d.)	194.3/215.6
52-week high/low	\$12.11/\$5.45
Market capitalization (mm)	\$1,432
Projected return	97.2%

All figures in Canadian dollars, unless otherwise stated.

 [Current Chart](#)

 [Previous Research](#)

Cihan Tuncay, CFA
ctuncay@stifel.com

(416) 943-6114

Prepared by Stifel Nicolaus Canada Inc.

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. See important disclosures on the last two pages of this report.

Figure 1. TCN NAV

NAV, US\$mm			
	Stifel GMP Value	Value/sh	% NAV
Tricon American Homes (TAH)			
Fair Value of Assets	\$4,929	\$25.37	
Net Debt	(\$3,167)	(\$16.30)	
Third Part Investor Interest	(\$341)	(\$1.75)	
TAH NAV (TCN Share)	\$1,421	\$7.31	71.2%
Tricon Lifestyle Rentals US			
Fair Value of Assets	\$1,409	\$7.25	
Net Debt	(\$918)	(\$4.73)	
US Multi-Family NAV	\$490	\$2.52	24.6%
Private Funds and Advisory			
2021E Net Fee Revenue	\$40	\$0.21	
Estimated G&A	(\$16)	(\$0.08)	
2021E Asset Management EBITDA	\$24	\$0.12	
Multiple	9.0x		
Valuation	\$218	\$1.12	10.9%
Tricon Lifestyle Rentals Canada			
Fair Value of Assets	\$97	\$0.50	4.9%
Tricon Housing Partners			
Fair Value of Assets	\$301	\$1.55	15.1%
Corporate Assets/Liabilities			
Net Working Capital	(\$18)	(\$0.09)	
Corporate Debt	(\$471)	(\$2.42)	
Net Other Assets	(\$42)	(\$0.22)	
Net Corporate Assets	(\$530)	(\$2.73)	-26.6%
TCN NAV	\$1,996	\$10.27	100.0%
Shares O/S		194.33	
TCN NAVPS		\$10.27	
USD/CAD Spot FX Rate		\$1.40	
TCN NAVPS C\$		\$14.42	
TCN Stock Price		\$7.37	

Source: Stifel GMP

Important Disclosures and Certifications

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that: (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe; and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein.

All relevant disclosures required by regulatory rules (including The Investment Industry Regulatory Organization of Canada) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department.

Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

The superscript(s) following the issuer name(s) mentioned in this report refers to the company-specific disclosures below. If there is no such superscript, then none of the disclosures are applicable and/or required.

Company-Specific Disclosures:

1. Stifel Canada or an affiliate has, within the previous 12 months, provided paid investment banking services to the issuer.
2. Stifel or an affiliate act as corporate broker and/or adviser to the Company.
3. Stifel Canada or an affiliate owns 1% or more of this issuer's securities.
4. An officer, director, or an employee of Stifel Canada or an affiliate is on the board of directors of the Company.
5. The analyst is related to an officer, director or advisory board member of this issuer.
6. The analyst has viewed the material operations of this issuer and the issuer paid all or a portion of the travel expenses associated with the analyst's site visit to its operations.
7. The analyst has viewed the material operations of this issuer.
8. The analyst and/or a member of their household has a position in this issuer's securities.
9. A member of the Board of Directors of this issuer is also a member of the Board of Directors of Stifel Canada.
10. The analyst owns this issuer's securities in a managed account but has no involvement in the investment decisions for that managed account.
11. Stifel Canada or an affiliate managed or co-managed a public offering of securities for the subject company in the past 12 months.
12. Stifel Canada or an affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.
13. Stifel Canada or an affiliate is a market maker or liquidity provider in the securities of the subject company.

Stifel Canada Analysts are compensated competitively based on several criteria. The Analyst compensation pool is comprised of several revenue sources, including secondary trading commissions, new issue commissions, investment banking fees, and directed payments from institutional clients.

The Stifel Canada research recommendation structure consists of the following ratings:

Buy: A Buy rating reflects 1) bullish conviction on the part of the analyst; and 2) typically a 15% or greater return to target.

Speculative Buy: A Speculative Buy rating reflects 1) bullish conviction on the part of the analyst accompanied by a substantially higher than normal risk, including the possibility of a binary outcome; and 2) typically a 30% or greater return to target.

Hold: A Hold rating reflects 1) a lack of bullish or bearish conviction on the part of the analyst; and 2) typically a return of 0 to 20%.

Reduce: A Reduce rating reflects 1) bearish conviction on the part of the analyst; and 2) typically a 5% or lower return to target.

Tender: Clients are advised to tender their shares to a takeover bid or similar offer.

Additional Disclosures

Please visit the Research Page at www.Stifel.com/Research for the current research disclosures.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

This report has been prepared by Stifel Nicolaus Canada Inc. ("Stifel Canada"), which is authorized and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC").

"Stifel", shall include our group affiliate companies: (i) Stifel, Nicolaus & Company, Incorporated ("SNC"); (ii) Keefe, Bruyette & Woods, Incorporated ("KBWI"), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("SEC") and members of the Financial Industry National Regulatory Authority ("FINRA"), respectively; (iii) Stifel Nicolaus Europe Limited ("SNEL"), which is authorized and regulated by the United Kingdom Financial Conduct Authority ("FCA") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("KBW Europe"); (iv) our MainFirst affiliates (collectively "MAINFIRST"): MainFirst Bank AG, which is regulated by the German Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"), MainFirst Schweiz AG, which is regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"), and MainFirst Securities US Inc. which is a U.S. broker-dealer registered with the SEC and a member of FINRA; and (v) Stifel Nicolaus Canada, Inc. ("Stifel Canada") which is authorized and regulated by Investment Industry Regulatory Organization of Canada (IIROC), and also trades under the names Stifel GMP & Stifel First Energy.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel Canada contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures:

Canada: Stifel Canada is a member of IIROC and a participant of the TSX, and TSX Venture Exchange. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8 Tel: (416) 367-8600.

United States: Research produced and distributed by Stifel Canada is distributed by Stifel Canada to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended.

UK and European Economic Area (EEA): This report is distributed in the EEA by Stifel Canada. Research produced by Stifel Canada is not intended for use by and should not be made available to non-professional clients.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy any relevant legal requirements in that country.

Additional Information is Available Upon Request

© 2020 Stifel Canada. This report is produced for the use of Stifel Canada customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel Canada.

SNCFE Canadian Energy Infrastructure			Canadian Energy Infrastructure										
Notes			ENB ^{8,13}	GEI ⁶	IPL	KEY ⁶	PPL ¹³	SES ⁶	TWM ^{1,11}	TRP ¹³	Average	Large Cap	Small Cap
April 16, 2020													
Name (short form):			Enbridge	Gibson	Inter Pipe	Keyera	Pembina	SECURE	Tidewater	TC Energy			
Rating:			BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY			
Price: April 16, 2020			\$40.22	\$18.22	\$9.85	\$16.01	\$26.83	\$0.99	\$0.52	\$62.63			
12 Month Target Price			\$61.00	\$26.00	\$22.00	\$27.00	\$46.00	\$2.00	\$2.00	\$83.00			
Implied Total 12M Return (%)			(a) 59.7%	50.1%	131.3%	80.9%	80.8%	105.1%	292.3%	37.7%	104.7%	73.4%	198.7%
Dividends and Insider Ownership			ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap
Dividends Per Share			2019 \$/sh	\$2.94	\$1.32	\$1.71	\$1.85	\$2.37	\$0.27	\$0.04	\$3.00		
			2020e \$/sh	\$3.22	\$1.35	\$0.79	\$1.97	\$2.52	\$0.03	\$0.04	\$3.24		
			2021e \$/sh	\$3.38	\$1.39	\$0.48	\$2.09	\$2.52	\$0.03	\$0.04	\$3.50		
Dividend Yield			2019 %	5.7%	5.0%	7.6%	5.4%	5.0%	5.3%	3.4%	4.3%	5.2%	5.5%
			2020e %	8.0%	7.4%	8.0%	12.3%	9.4%	3.0%	7.7%	5.2%	7.6%	8.4%
			2021e %	8.4%	7.6%	4.9%	13.0%	9.4%	3.0%	7.7%	5.6%	7.5%	8.2%
Insider Ownership			Current %	0.3%	0.4%	0.2%	1.1%	0.2%	4.9%	3.1%	0.1%	1.3%	0.4%
Capital Structure			ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap
Shares Diluted, End of Period			2019 mm	2,048	148	421	226	552	156	332	938		
			2020e mm	2,043	150	433	238	552	156	337	937		
			2021e mm	2,043	150	433	251	552	156	337	956		
Market Cap Diluted, End of Period			2019 \$mm	105,717	3,926	9,492	7,679	26,345	792	388	64,872		
			2020e \$mm	82,177	2,730	4,267	3,804	14,806	155	175	58,684		
			2021e \$mm	82,177	2,730	4,267	4,019	14,806	155	175	59,866		
Net Debt			2019 \$mm	72,062	1,328	6,828	3,013	13,807	494	964	52,536		
			2020e \$mm (b)	73,641	1,398	7,398	3,307	14,560	443	784	52,143		
			2021e \$mm	72,403	1,303	7,267	3,352	15,013	396	649	55,389		
Preferred Shares			2019 \$mm	7,747	0	0	0	2,965	0	0	3,980		
			2020e \$mm	7,875	0	0	0	2,965	0	0	3,980		
			2021e \$mm	7,875	0	0	0	2,965	0	0	3,980		
Subordinated and Hybrid Notes			2019 \$mm	6,550	0	2,805	600	0	0	175	8,614		
			2020e \$mm (c)	6,550	0	2,805	600	0	0	175	8,900		
			2021e \$mm	6,550	0	2,805	600	0	0	175	11,833		
Adjusted Net Debt			2019 \$mm	64,914	1,328	4,748	2,713	12,325	494	877	46,239		
			2020e \$mm (c)	66,429	1,398	5,318	3,007	13,077	443	697	45,703		
			2021e \$mm	65,191	1,303	5,187	3,052	13,531	396	561	46,016		
Enterprise Value			2019 \$mm	177,779	5,254	16,321	10,692	40,152	1,286	1,352	117,408		
			2020e \$mm (d)	155,818	4,128	11,665	7,111	29,366	598	959	110,828		
			2021e \$mm	154,580	4,033	11,534	7,371	29,819	550	824	115,255		
Leverage Metrics			ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap
Net Debt/EBITDA			2019 (x)	5.4x	2.8x	6.5x	3.2x	5.2x	3.1x	8.8x	5.6x	5.1x	4.8x
			2020e (x)	5.4x	3.3x	7.9x	3.8x	5.1x	4.1x	3.8x	5.5x	4.9x	5.2x
			2021e (x)	5.1x	2.8x	7.8x	3.9x	5.0x	3.8x	2.9x	5.6x	4.6x	5.0x
Adjusted Net Debt/EBITDA			2019 (x)	4.9x	2.8x	4.5x	2.9x	4.7x	3.1x	8.0x	4.9x	4.5x	4.1x
			2020e (x)	4.9x	3.3x	5.7x	3.5x	4.6x	4.1x	3.4x	4.8x	4.3x	4.5x
			2021e (x)	4.5x	2.8x	5.6x	3.5x	4.5x	3.8x	2.5x	4.7x	4.0x	4.3x
FFO/Adjusted Net Debt			2019 %	15%	27%	18%	28%	20%	31%	9%	15%	20%	20%
			2020e %	16%	24%	14%	26%	18%	23%	22%	16%	20%	19%
			2021e %	18%	29%	14%	24%	18%	25%	32%	17%	22%	20%

Source: Stifel FirstEnergy, Company disclosures

Notes

(a) Share price return to target price plus 2020e dividend yield

(b) Net debt is equal to all debt and preferred shares minus cash

(c) Adj. net debt defined as net debt minus 50% of preferred shares and 50% of sub./hybrid notes; IPL and TRP project-level debt included in subordinated and hybrid amount and fully excluded from adjusted net debt calculation

(d) Enterprise value is equal to net debt plus market capitalization

Ian Gillies, Managing Director, Institutional Research, 403-262-0626

Prepared by Stifel Nicolaus Canada Inc.

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm does have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications appear on the last three pages of this report.

SNCFE Canadian Energy Infrastructure			Notes	Canadian Energy Infrastructure									
April 16, 2020				ENB ^{8,13}	GEI ⁶	IPL	KEY ⁶	PPL ¹³	SES ⁶	TWM ^{1,11}	TRP ¹³	Average	Large Cap
Name (short form):			Enbridge	Gibson	Inter Pipe	Keyera	Pembina	SECURE	Tidewater	TC Energy			
Rating:			BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY			
Price: April 16, 2020			\$40.22	\$18.22	\$9.85	\$16.01	\$26.83	\$0.99	\$0.52	\$62.63			
12 Month Target Price			\$61.00	\$26.00	\$22.00	\$27.00	\$46.00	\$2.00	\$2.00	\$83.00			
Implied Total 12M Return (%)			(a) 59.7%	50.1%	131.3%	80.9%	80.8%	105.1%	292.3%	37.7%	104.7%	73.4%	198.7%
Valuation Metrics			ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap
EV/EBITDA	2019	(x)	13.4x	11.2x	15.5x	11.3x	15.2x	8.0x	12.3x	12.5x	12.4x	13.2x	10.2x
	2020e	(x)	11.4x	9.6x	12.5x	8.2x	10.4x	5.5x	4.7x	11.7x	9.2x	10.6x	5.1x
	2021e	(x)	10.8x	8.7x	12.4x	8.5x	9.9x	5.2x	3.7x	11.7x	8.9x	10.3x	4.5x
P/E	2019	(x)	19.7x	21.2x	17.3x	14.7x	23.0x	137.0x	-25.0x	16.7x	28.1x	18.8x	56.0x
	2020e	(x)	16.1x	18.1x	13.3x	10.7x	12.7x	-5.7x	2.4x	15.0x	10.3x	14.3x	-1.6x
	2021e	(x)	15.0x	15.8x	13.9x	12.6x	11.7x	-6.7x	1.9x	14.5x	9.8x	13.9x	-2.4x
P/DCFPS	2019	(x)	11.3x	12.4x	11.9x	12.5x	11.3x	6.8x	8.1x	13.9x	11.0x	12.2x	7.5x
	2020e	(x)	8.7x	10.0x	6.5x	5.7x	7.1x	2.5x	2.1x	11.2x	6.7x	8.2x	2.3x
	2021e	(x)	8.3x	8.9x	6.7x	6.5x	6.8x	2.2x	1.6x	11.0x	6.5x	8.0x	1.9x
P/CFPS	2019	(x)	11.1x	10.6x	11.1x	8.2x	9.7x	5.2x	4.2x	9.1x	8.6x	10.0x	4.7x
	2020e	(x)	7.5x	8.0x	5.8x	4.8x	6.3x	1.5x	1.4x	7.9x	5.4x	6.7x	1.4x
	2021e	(x)	7.1x	7.3x	5.9x	5.2x	6.0x	1.5x	1.0x	7.6x	5.2x	6.5x	1.2x
FCF Yield	2019	%	9%	8%	8%	8%	9%	15%	12%	7%	10%	8%	14%
	2020e	%	12%	10%	15%	18%	14%	40%	47%	9%	21%	13%	44%
	2021e	%	12%	11%	15%	15%	15%	44%	62%	9%	23%	13%	53%
P/BVPS	2019	%	1.6x	5.1x	2.3x	2.4x	1.5x	1.0x	0.9x	2.0x	2.1x	2.5x	0.9x
	2020e	%	1.0x	3.7x	1.0x	1.2x	0.9x	0.2x	0.3x	1.7x	1.3x	1.6x	0.3x
	2021e	%	1.0x	3.9x	1.0x	1.2x	0.9x	0.2x	0.3x	1.6x	1.3x	1.6x	0.3x
NAVPS		\$/sh	(f) \$59.35	\$28.73	\$30.10	\$27.26	\$49.43	n/a	\$2.10	\$88.16			
P/NAV		%	(f) 67.8%	63.4%	32.7%	58.7%	54.3%	n/a	24.7%	71.0%	53.2%	58.0%	24.7%
2021e Target Multiples	EV/EBITDA	(x)	13.7x	11.3x	18.0x	11.7x	13.4x	6.7x	5.9x	13.6x	11.8x	13.6x	6.3x
	P/DCFPS	(x)	12.6x	12.6x	14.9x	10.9x	11.7x	4.5x	6.3x	14.6x	11.0x	12.9x	5.4x
	P/E	(x)	22.7x	22.5x	31.1x	21.3x	20.1x	-13.5x	7.4x	19.2x	16.3x	22.8x	-3.1x
	Div. Yield	%	5.5%	5.3%	2.2%	7.7%	5.5%	2.2%	2.0%	4.2%	4.2%	5.1%	1.8%
Financial Estimates			ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap
EBITDA	2019	\$mm	13,271	471	1,051	944	2,648	161	110	9,366			
	2020e	\$mm	13,654	429	932	869	2,837	108	206	9,456			
	2021e	\$mm	14,331	462	932	863	3,019	105	224	9,888			
Funds Flow from Operations	2019	\$mm	9,657	364	873	754	2,426	155	77	6,789			
	2020e	\$mm	10,952	340	731	767	2,371	102	154	7,457			
	2021e	\$mm	11,575	376	719	748	2,487	101	179	7,779			
Distributable Cash Flow	2019	\$mm	9,224	310	782	591	2,166	118	48	4,613			
	2020e	\$mm	9,405	264	651	647	2,053	63	83	5,247			
	2021e	\$mm	9,816	300	639	597	2,159	69	108	5,368			
DCFPS	2019	\$/sh	\$4.57	\$2.14	\$1.90	\$2.73	\$4.23	\$0.74	\$0.14	\$4.98			
	2020e	\$/sh	\$4.65	\$1.82	\$1.53	\$2.83	\$3.79	\$0.40	\$0.25	\$5.60			
	2021e	\$/sh	\$4.85	\$2.06	\$1.48	\$2.47	\$3.94	\$0.44	\$0.32	\$5.67			
CFPS	2019	\$/sh	\$4.65	\$2.51	\$2.04	\$4.15	\$4.92	\$0.98	\$0.28	\$7.64			
	2020e	\$/sh	\$5.36	\$2.28	\$1.71	\$3.32	\$4.26	\$0.67	\$0.38	\$7.96			
	2021e	\$/sh	\$5.66	\$2.51	\$1.66	\$3.06	\$4.48	\$0.66	\$0.53	\$8.22			
Adjusted EPS	2019	\$/sh	\$2.62	\$1.25	\$1.31	\$2.32	\$2.07	\$0.04	(\$0.05)	\$4.14			
	2020e	\$/sh	\$2.50	\$1.01	\$0.74	\$1.49	\$2.12	(\$0.18)	\$0.22	\$4.19			
	2021e	\$/sh	\$2.69	\$1.15	\$0.71	\$1.27	\$2.29	(\$0.15)	\$0.27	\$4.32			
BVPS	2019	\$/sh	\$32.67	\$5.22	\$9.91	\$14.08	\$32.66	\$4.90	\$1.36	\$34.95			
	2020e	\$/sh	\$38.99	\$4.90	\$9.74	\$13.71	\$29.89	\$4.82	\$1.51	\$36.23			
	2021e	\$/sh	\$39.05	\$4.70	\$9.83	\$12.99	\$29.68	\$4.75	\$1.74	\$38.05			

Source: Stifel FirstEnergy, Company disclosures

Notes

(a) Share price return to target price plus 2020e dividend yield

(e) Calculated in same methodology as distributable cash flow

(f) SECURE not valued on NAVPS methodology

(g) DCFPS equal to EBITDA plus cash from eqy investments in excess of equity income minus interest minus current taxes minus maintenance capital minus preferred dividend minus DCF to NCI

SNCFE Canadian Energy Infrastructure				Notes	Canadian Energy Infrastructure											
April 16, 2020					ENB ^{8,13}	GEI ⁶	IPL	KEY ⁶	PPL ¹³	SES ⁶	TWM ^{4,11}	TRP ¹³	Average	Large Cap	Small Cap	
Name (short form):					Enbridge	Gibson	Inter Pipe	Keyera	Pembina	SECURE	Tidewater	TC Energy				
Rating:					BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY				
Price: April 16, 2020					\$40.22	\$18.22	\$9.85	\$16.01	\$26.83	\$0.99	\$0.52	\$62.63				
12 Month Target Price					\$61.00	\$26.00	\$22.00	\$27.00	\$46.00	\$2.00	\$2.00	\$83.00				
Implied Total 12M Return (%)				(a)	59.7%	50.1%	131.3%	80.9%	80.8%	105.1%	292.3%	37.7%	104.7%	73.4%	198.7%	
Capital Expenditures					ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap	
Capex	2019	\$mm	(h)	6,651	292	1,594	1,092	1,851	121	481	8,434					
	2020e	\$mm		6,265	299	1,055	843	1,320	60	71	8,930					
	2021e	\$mm		3,747	79	380	491	1,400	15	30	11,430					
Maintenance Capex	2019	\$mm	(i)	1,093	25	91	105	0	18	6	1,800					
	2020e	\$mm		1,020	28	80	43	0	20	30	1,830					
	2021e	\$mm		1,232	29	80	73	0	12	30	2,030					
Dividends & Payout Ratios					ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap	
Dividends	2019	\$mm		6,020	195	720	418	1,308	42	13	2,814					
	2020e	\$mm		6,579	202	341	468	1,391	5	13	3,036					
	2021e	\$mm		6,906	208	208	524	1,391	5	13	3,345					
DCFPS Payout Ratio	2019	%		64%	62%	90%	68%	56%	36%	28%	60%	58%	67%	32%		
	2020e	%		69%	74%	52%	70%	67%	7%	16%	58%	52%	65%	12%		
	2021e	%		70%	68%	33%	84%	64%	7%	13%	62%	50%	63%	10%		
EPS Payout Ratio	2019	%		112%	105%	131%	80%	114%	731%	-86%	72%	158%	102%	323%		
	2020e	%		129%	134%	107%	132%	119%	-17%	18%	77%	87%	116%	1%		
	2021e	%		126%	120%	68%	165%	110%	-20%	15%	81%	83%	112%	-3%		
Distribution Coverage	2019	(x)		1.5x	1.6x	1.1x	1.4x	1.7x	2.8x	3.6x	1.6x	1.9x	1.5x	3.2x		
	2020e	(x)		1.4x	1.3x	1.9x	1.4x	1.5x	13.4x	6.2x	1.7x	3.6x	1.5x	9.8x		
	2021e	(x)		1.4x	1.4x	3.1x	1.1x	1.6x	14.7x	8.0x	1.6x	4.1x	1.7x	11.3x		
Current Taxes					ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap	
Current Tax Rate	2019	%		5.2%	8.6%	0.4%	14.5%	13.7%	22.0%	0.0%	13.5%	9.7%	9.3%	11.0%		
	2020e	%		6.3%	11.7%	1.0%	5.4%	11.5%	7.0%	0.0%	7.5%	6.3%	7.2%	3.5%		
	2021e	%		5.9%	8.8%	2.0%	0.0%	11.5%	7.0%	0.0%	7.5%	5.3%	5.9%	3.5%		
Return Metrics					ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap	
ROCE	2019	%	(l)	7%	14%	7%	11%	8%	2%	4%	8%	8%	9%	3%		
	2020e	%		7%	13%	5%	10%	7%	-1%	11%	8%	8%	8%	5%		
	2021e	%		7%	15%	5%	9%	8%	-1%	13%	8%	8%	9%	6%		
ROE	2019	%	(k)	9%	24%	13%	15%	12%	0%	-3%	14%	10%	15%	-2%		
	2020e	%		8%	20%	8%	11%	10%	-4%	15%	13%	10%	12%	6%		
	2021e	%		8%	25%	7%	10%	10%	-3%	17%	13%	11%	12%	7%		
Growth Rates					ENB	GEI	IPL	KEY	PPL	SES	TWM	TRP	Average	Large Cap	Small Cap	
EBITDA	2019	%		3%	-3%	-16%	17%	9%	-4%	42%	9%	7%	3%	19%		
	2020e	%		3%	-9%	-11%	-8%	7%	-33%	88%	1%	5%	-3%	27%		
	2021e	%		5%	7%	0%	-1%	6%	-3%	9%	5%	4%	4%	3%		
DCFPS	2019	%		3%	9%	-27%	-13%	-1%	-19%	-20%	-2%	-9%	-5%	-19%		
	2020e	%		2%	-15%	-20%	4%	-11%	-46%	71%	12%	0%	-5%	12%		
	2021e	%		4%	13%	-3%	-13%	4%	10%	30%	1%	6%	1%	20%		
Normalized EPS	2019	%		1%	75%	-14%	26%	-9%	-61%	-180%	7%	-19%	15%	-121%		
	2020e	%		-5%	-20%	-43%	-36%	2%	-574%	-566%	1%	-155%	-17%	-570%		
	2021e	%		8%	15%	-4%	-15%	8%	-15%	25%	3%	3%	2%	5%		
Dividends Per Share	2019	%		10%	0%	1%	7%	7%	0%	0%	9%	4%	6%	0%		
	2020e	%		10%	2%	-54%	6%	6%	-89%	0%	8%	-14%	-4%	-44%		
	2021e	%		5%	3%	-39%	6%	0%	0%	0%	8%	-2%	-3%	0%		

Source: Stifel FirstEnergy, Company disclosures

Notes

- (a) Share price return to target price plus 2020e dividend yield
- (h) Capex equal to growth capex plus maintenance capex, excludes divestitures and M&A
- (i) Maintenance capital as per company guidance; PPL expenses maintenance capital
- (j) EBIT dividend by average of (book value plus net debt)
- (k) Adj. net income dividend by average book value outstanding (minus preferred shares)

Important Disclosures and Certifications

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that: (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe; and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein.

All relevant disclosures required by regulatory rules (including The Investment Industry Regulatory Organization of Canada) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department.

Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

The superscript(s) following the issuer name(s) mentioned in this report refers to the company-specific disclosures below. If there is no such superscript, then none of the disclosures are applicable and/or required.

Company-Specific Disclosures:

1. Stifel Canada or an affiliate has, within the previous 12 months, provided paid investment banking services to the issuer.
2. Stifel or an affiliate act as corporate broker and/or adviser to the Company.
3. Stifel Canada or an affiliate owns 1% or more of this issuer's securities.
4. An officer, director, or an employee of Stifel Canada or an affiliate is on the board of directors of the Company.
5. The analyst is related to an officer, director or advisory board member of this issuer.
6. The analyst has viewed the material operations of this issuer and the issuer paid all or a portion of the travel expenses associated with the analyst's site visit to its operations.
7. The analyst has viewed the material operations of this issuer.
8. The analyst and/or a member of their household has a position in this issuer's securities.
9. A member of the Board of Directors of this issuer is also a member of the Board of Directors of Stifel Canada.
10. The analyst owns this issuer's securities in a managed account but has no involvement in the investment decisions for that managed account.
11. Stifel Canada or an affiliate managed or co-managed a public offering of securities for the subject company in the past 12 months.
12. Stifel Canada or an affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.
13. Stifel Canada or an affiliate is a market maker or liquidity provider in the securities of the subject company.

Stifel Canada Analysts are compensated competitively based on several criteria. The Analyst compensation pool is comprised of several revenue sources, including secondary trading commissions, new issue commissions, investment banking fees, and directed payments from institutional clients.

The Stifel Canada research recommendation structure consists of the following ratings:

Buy: A Buy rating reflects 1) bullish conviction on the part of the analyst; and 2) typically a 15% or greater return to target.

Speculative Buy: A Speculative Buy rating reflects 1) bullish conviction on the part of the analyst accompanied by a substantially higher than normal risk, including the possibility of a binary outcome; and 2) typically a 30% or greater return to target.

Hold: A Hold rating reflects 1) a lack of bullish or bearish conviction on the part of the analyst; and 2) typically a return of 0 to 20%.

Reduce: A Reduce rating reflects 1) bearish conviction on the part of the analyst; and 2) typically a 5% or lower return to target.

Tender: Clients are advised to tender their shares to a takeover bid or similar offer.

Additional Disclosures

Please visit the Research Page at www.Stifel.com/Research for the current research disclosures.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

This report has been prepared by Stifel Nicolaus Canada Inc. ("Stifel Canada"), which is authorized and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC").

"Stifel", shall include our group affiliate companies: (i) Stifel, Nicolaus & Company, Incorporated ("SNC"); (ii) Keefe, Bruyette & Woods, Incorporated ("KBWI"), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("SEC") and members of the Financial Industry National Regulatory Authority ("FINRA"), respectively; (iii) Stifel Nicolaus Europe Limited ("SNEL"), which is authorised and regulated by the United Kingdom Financial Conduct Authority ("FCA") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("KBW Europe"); (iv) our MainFirst affiliates (collectively "MAINFIRST"): MainFirst Bank AG, which is regulated by the German Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"), MainFirst Schweiz AG, which is regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"), and MainFirst Securities US Inc. which is a U.S. broker-dealer registered with the SEC and a member of FINRA; and (v) Stifel Nicolaus Canada, Inc. ("Stifel Canada") which is authorised and regulated by Investment Industry Regulatory Organization of Canada (IIROC), and also trades under the names Stifel GMP & Stifel First Energy.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel Canada contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures:

Canada: Stifel Canada is a member of IIROC and a participant of the TSX, and TSX Venture Exchange. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8 Tel: (416) 367-8600.

United States: Research produced and distributed by Stifel Canada is distributed by Stifel Canada to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended.

UK and European Economic Area (EEA): This report is distributed in the EEA by Stifel Canada. Research produced by Stifel Canada is not intended for use by and should not be made available to non-professional clients.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy any relevant legal requirements in that country.

Additional Information is Available Upon Request

© 2020 Stifel Canada. This report is produced for the use of Stifel Canada customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel Canada.

Stifel FE Energy Services				Share Data					Multiples and Return Metrics									
Symbol	Rating	Current Price	12 Mo. Target Price	2020e DPS	2020e Yield	Est. Return	Shares O.S. ^a mm	Market Cap. ^a mm	EV/EBITDAS		P/E		P/TBVPS		FCF Yield (%) ^b		Net Debt/EBITDAS ^c	
									2020e	2021e	2020e	2021e	2020e	2021e	2020e	2021e	2020e	2021e
ENERGY SERVICES																		
CONTRACT DRILLERS																		
CWC	HOLD	\$ 0.10	\$ 0.10	\$ -	-	0%	511	\$ 51	9.1	14.8	n/a	n/a	0.3	0.3	3%	-2%	3.8	6.6
ESI	REDUCE	\$ 0.46	\$ 0.25	\$ 0.24	52.2%	7%	166	\$ 76	6.6	7.6	n/a	n/a	0.1	0.1	63%	22%	6.3	7.3
PD ^{6,13}	BUY	\$ 0.47	\$ 2.00	\$ -	-	326%	276	\$ 130	5.5	5.4	n/a	n/a	0.1	0.1	80%	78%	5.0	4.9
TOT ⁶	BUY	\$ 1.60	\$ 3.25	\$ -	-	103%	45	\$ 72	4.5	4.4	n/a	n/a	0.1	0.1	51%	45%	3.3	3.0
WRG	REDUCE	\$ 0.25	\$ 0.10	\$ -	-	-59%	91	\$ 22	21.9	26.9	n/a	n/a	0.1	0.1	-67%	-67%	20.1	24.7
DRILLING-RELATED SERVICES																		
CEU ⁶	BUY	\$ 0.98	\$ 1.50	\$ 0.02	1.5%	53%	262	\$ 257	6.8	10.4	n/a	n/a	0.8	1.0	1%	-7%	3.4	5.7
CET	REDUCE	\$ 0.11	\$ 0.10	\$ -	-	-9%	50	\$ 5	(6.5)	-6.6	n/a	n/a	0.1	0.2	-236%	-287%	0.0	0.0
PSI	HOLD	\$ 5.97	\$ 10.00	\$ 0.76	12.7%	80%	85	\$ 509	6.7	6.7	61.5	48.1	2.1	2.7	8%	9%	0.0	0.0
PHX ⁶	BUY	\$ 0.59	\$ 1.50	\$ -	-	154%	53	\$ 31	2.3	3.5	n/a	n/a	0.3	0.4	-6%	32%	1.3	2.1
FIELD SUPPLY & SERVICES																		
BDI	HOLD	\$ 1.17	\$ 1.50	\$ -	-	28%	55	\$ 65	5.9	6.3	n/a	n/a	0.3	0.4	-10%	-15%	3.9	4.0
HNL ⁷	HOLD	\$ 0.32	\$ 0.50	\$ -	-	59%	265	\$ 83	8.0	5.2	n/a	n/a	0.3	0.5	-11%	14%	4.7	2.4
MTL	HOLD	\$ 4.43	\$ 5.00	\$ 0.20	4.5%	13%	104	\$ 462	5.9	5.7	18.2	20.0	0.8	0.7	14%	13%	3.0	2.8
SES ⁶	BUY	\$ 0.99	\$ 2.00	\$ 0.03	3.0%	105%	156	\$ 155	4.8	4.5	n/a	n/a	0.2	0.2	15%	43%	3.5	3.2
SHLE ⁶	REDUCE	\$ 0.12	\$ 0.10	\$ -	-	-17%	61	\$ 7	9.1	29.5	n/a	n/a	0.0	0.1	-358%	-621%	8.8	28.7
TEV ⁶	REDUCE	\$ 2.99	\$ 4.00	\$ -	-	34%	113	\$ 338	6.4	5.9	n/a	n/a	n/a	n/a	7%	17%	4.6	4.2
WEII ^{1,11}	BUY	\$ 0.40	\$ 1.00	\$ -	-	150%	106	\$ 42	3.9	3.7	11.8	9.5	0.5	0.5	23%	29%	2.8	2.6
WELL SERVICES																		
CFW ^{6,8}	REDUCE	\$ 0.24	\$ 0.10	\$ -	-	-58%	145	\$ 35	56.9	60.3	n/a	n/a	0.1	1.0	-394%	-416%	54.9	58.5
STEP	HOLD	\$ 0.39	\$ 0.75	\$ -	-	92%	67	\$ 26	6.2	11.3	n/a	n/a	0.1	0.2	-11%	-72%	5.6	10.2
TCW ⁶	BUY	\$ 0.50	\$ 1.00	\$ -	-	100%	268	\$ 134	6.7	7.8	n/a	n/a	0.3	0.3	-1%	0%	0.7	0.4

SIMPLE AVERAGES

Energy Service All

Contract Drillers	52.2%	75%
Drilling-Related Services	7.1%	70%
Field Supply & Services	3.8%	53%
Well Services	na	45%

14.8%	61%
--------------	------------

9.0	11.2	30.5	25.9	0.4	0.5	-44%	-62%	7.1	9.0
9.5	11.8	n/a	n/a	0.1	0.2	26%	15%	7.7	9.3
2.3	3.5	61.5	48.1	0.8	1.1	-58%	-63%	1.2	2.0
6.3	8.7	15.0	14.8	0.4	0.4	-46%	-74%	4.5	6.8
23.3	26.5	n/a	n/a	0.2	0.5	-135%	-163%	20.4	23.0

a - Fully diluted

b - Free cash flow defined as EBITDAS minus interest minus cash taxes minus capital expenditures

c - Net debt defined as long-term debt, short-term debt minus cash and cash equivalents

Ian Gillies, Managing Director Institutional Research, (403) 262-0626

Source: Stifel FirstEnergy, Company disclosures

Prepared by Stifel Nicolaus Canada Inc.

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications appear on the last three pages of this report

Energy Services Estimates



April 16, 2020

Stifel FE Energy Services				Financial Results and Estimates - Current														
Symbol	Rating	Current Price	12 Mo. Target Price	Revenue (\$mm)			Gross Margin (%)			EBITDAS (\$mm)			EPS (F.D.)			Capex (\$mm)		
				2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e
ENERGY SERVICES																		
CONTRACT DRILLERS																		
CWC	HOLD	\$ 0.10	\$ 0.10	108	95	85	27%	27%	26%	12	10	6	0.00	-0.01	-0.01	4	5	4
ESI	REDUCE	\$ 0.46	\$ 0.25	1,592	1,137	1,082	28%	26%	24%	407	252	221	-0.78	-1.16	-1.22	136	60	60
PD ^{6,13}	BUY	\$ 0.47	\$ 2.00	1,541	1,113	1,078	33%	31%	30%	414	269	257	-0.20	-0.50	-0.48	161	48	39
TOT ⁶	BUY	\$ 1.60	\$ 3.25	757	449	419	21%	24%	23%	111	60	53	0.28	-0.42	-0.42	49	10	10
WRG	REDUCE	\$ 0.25	\$ 0.10	196	142	119	21%	20%	23%	24	12	10	-0.47	-0.45	-0.43	8	6	4
DRILLING-RELATED SERVICES																		
CEU ⁶	BUY	\$ 0.98	\$ 1.50	1,277	992	867	25%	21%	19%	167	77	55	0.11	-0.11	-0.15	49	30	30
CET	REDUCE	\$ 0.11	\$ 0.10	120	67	63	10%	6%	3%	4	(5)	(7)	-0.41	-0.38	-0.36	6	4	4
PSI	HOLD	\$ 5.97	\$ 10.00	296	224	216	64%	55%	59%	130	62	64	0.63	0.10	0.12	22	15	10
PHX ⁶	BUY	\$ 0.59	\$ 1.50	362	305	286	26%	23%	22%	50	31	23	-0.04	-0.32	-0.30	35	30	10
FIELD SUPPLY & SERVICES																		
BDI	HOLD	\$ 1.17	\$ 1.50	186	182	171	41%	40%	41%	39	32	29	-0.14	-0.17	-0.21	32	30	30
HNL ⁷	HOLD	\$ 0.32	\$ 0.50	458	462	631	12%	12%	10%	31	25	36	-0.15	-0.13	-0.08	62	18	10
MTL	HOLD	\$ 4.43	\$ 5.00	1,279	1,176	1,146	29%	27%	27%	202	160	154	0.48	0.24	0.22	75	50	50
SES ⁶	BUY	\$ 0.99	\$ 2.00	632	573	544	41%	34%	35%	180	126	122	0.04	-0.17	-0.15	121	60	15
SHLE ⁶	REDUCE	\$ 0.12	\$ 0.10	333	262	216	24%	22%	19%	47	26	9	-0.60	-0.68	-0.82	20	6	6
TEV ⁶	REDUCE	\$ 2.99	\$ 4.00	718	666	665	39%	35%	35%	230	191	194	0.01	-0.29	-0.21	132	60	30
WEII ^{1,11}	BUY	\$ 0.40	\$ 1.00	106	122	119	44%	45%	46%	31	38	38	0.11	0.03	0.04	21	20	18
WELL SERVICES																		
CFW ^{6,8}	REDUCE	\$ 0.24	\$ 0.10	1,621	955	942	14%	6%	6%	160	18	19	-0.98	-1.43	-1.37	147	55	55
STEP	HOLD	\$ 0.39	\$ 0.75	668	419	331	16%	13%	10%	79	40	23	-0.84	-1.66	-1.57	49	24	24
TCW ⁶	BUY	\$ 0.50	\$ 1.00	636	381	304	13%	14%	13%	28	22	18	-0.23	-0.23	-0.20	33	15	12

Source: Stifel FirstEnergy, Company Disclosures

Stifel FE Energy Services				Financial Results and Estimates - Week Prior														
Symbol	Rating	Current Price	12 Mo. Target Price	Revenue (\$mm)			Gross Margin (%)			EBITDAS (\$mm)			EPS (F.D.)			Capex (\$mm)		
				2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e
ENERGY SERVICES																		
CONTRACT DRILLERS																		
CWC	HOLD	\$ 0.11	\$ 0.10	108	95	85	27%	27%	26%	12	10	6	0.00	-0.01	-0.01	4	5	4
ESI	REDUCE	\$ 0.66	\$ 0.25	1,592	1,137	1,082	28%	26%	24%	407	252	221	-0.78	-1.16	-1.22	136	60	60
PD ^{b,13}	BUY	\$ 0.46	\$ 2.00	1,541	1,113	1,078	33%	31%	30%	414	269	257	-0.20	-0.50	-0.48	161	48	39
TOT ^b	BUY	\$ 1.65	\$ 3.25	757	449	419	21%	24%	23%	111	60	53	0.28	-0.42	-0.42	49	10	10
WRG	REDUCE	\$ 0.27	\$ 0.10	196	142	119	21%	20%	23%	24	12	10	-0.47	-0.45	-0.43	8	6	4
DRILLING-RELATED SERVICES																		
CEU ⁶	BUY	\$ 1.12	\$ 1.50	1,277	1,160	1,117	25%	25%	25%	167	135	119	0.11	0.06	0.05	49	30	30
CET	REDUCE	\$ 0.11	\$ 0.10	120	67	63	10%	6%	3%	4	(5)	(7)	-0.41	-0.38	-0.36	6	4	4
PSI	HOLD	\$ 6.69	\$ 10.00	296	224	216	64%	55%	59%	130	62	64	0.63	0.10	0.12	22	15	10
PHX ⁶	BUY	\$ 0.70	\$ 1.50	362	305	286	26%	23%	22%	50	31	23	-0.04	-0.32	-0.30	35	30	10
FIELD SUPPLY & SERVICES																		
BDI	HOLD	\$ 1.23	\$ 1.50	186	182	171	41%	40%	41%	39	32	29	-0.14	-0.17	-0.21	32	30	30
HNL ⁷	HOLD	\$ 0.32	\$ 0.50	458	462	631	12%	12%	10%	31	25	36	-0.15	-0.13	-0.08	62	18	10
MTL	HOLD	\$ 4.79	\$ 5.00	1,279	1,176	1,146	29%	27%	27%	202	160	154	0.48	0.24	0.22	75	50	50
SES ⁶	BUY	\$ 1.29	\$ 2.00	632	573	544	41%	34%	35%	180	126	122	0.04	-0.17	-0.15	121	60	15
SHLE ⁶	REDUCE	\$ 0.11	\$ 0.10	333	262	216	24%	22%	19%	47	26	9	-0.60	-0.68	-0.82	20	6	6
TEV ⁶	REDUCE	\$ 3.40	\$ 4.00	718	666	665	39%	35%	35%	230	191	194	0.01	-0.29	-0.21	132	60	30
WEII ^{1,11}	BUY	\$ 0.40	\$ 1.00	106	122	119	44%	45%	46%	31	38	38	0.11	0.03	0.04	21	20	18
WELL SERVICES																		
CFW ^{b,8}	REDUCE	\$ 0.27	\$ 0.10	1,621	955	942	14%	6%	6%	160	18	19	-0.98	-1.43	-1.37	147	55	55
STEP	HOLD	\$ 0.40	\$ 0.75	668	419	331	16%	13%	10%	79	40	23	-0.84	-1.66	-1.57	49	24	24
TCW ⁹	BUY	\$ 0.46	\$ 1.00	636	381	304	13%	14%	13%	28	22	18	-0.23	-0.23	-0.20	33	15	12

Stifel FE Energy Services				Financial Results and Estimates - Change														
Symbol	Rating	Current Price	12 Mo. Target Price	Revenue (\$mm)			Gross Margin (%)			EBITDAS (\$mm)			EPS (F.D.)			Capex (\$mm)		
				2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e
ENERGY SERVICES																		
CONTRACT DRILLERS																		
CWC		\$ (0.01)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
ESI		\$ (0.20)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
PD ^{6,13}		\$ 0.02	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
TOT ⁶		\$ (0.05)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
WRG		\$ (0.03)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
DRILLING-RELATED SERVICES																		
CEU ⁶		\$ (0.14)	\$ -	0	(168)	(250)	0%	-4%	-6%	0	(58)	(64)	0.00	-0.18	-0.19	0	0	0
CET		\$ -	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
PSI		\$ (0.72)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
PHX ⁶		\$ (0.11)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
FIELD SUPPLY & SERVICES																		
BDI		\$ (0.06)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
HNL ⁷		\$ (0.01)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
MTL		\$ (0.36)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
SES ^b		\$ (0.30)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
SHLE ⁶		\$ 0.01	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
TEV ^b		\$ (0.41)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
WEII ^{1,11}		\$ -	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
WELL SERVICES																		
CFW ^{b,8}		\$ (0.03)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
STEP		\$ (0.01)	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0
TCW ⁹		\$ 0.04	\$ -	0	0	0	0%	0%	0%	0	0	0	0.00	0.00	0.00	0	0	0

Important Disclosures and Certifications

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that: (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe; and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein.

All relevant disclosures required by regulatory rules (including The Investment Industry Regulatory Organization of Canada) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department.

Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

The superscript(s) following the issuer name(s) mentioned in this report refers to the company-specific disclosures below. If there is no such superscript, then none of the disclosures are applicable and/or required.

Company-Specific Disclosures:

1. Stifel Canada or an affiliate has, within the previous 12 months, provided paid investment banking services to the issuer.
2. Stifel or an affiliate act as corporate broker and/or adviser to the Company.
3. Stifel Canada or an affiliate owns 1% or more of this issuer's securities.
4. An officer, director, or an employee of Stifel Canada or an affiliate is on the board of directors of the Company.
5. The analyst is related to an officer, director or advisory board member of this issuer.
6. The analyst has viewed the material operations of this issuer and the issuer paid all or a portion of the travel expenses associated with the analyst's site visit to its operations.
7. The analyst has viewed the material operations of this issuer.
8. The analyst and/or a member of their household has a position in this issuer's securities.
9. A member of the Board of Directors of this issuer is also a member of the Board of Directors of Stifel Canada.
10. The analyst owns this issuer's securities in a managed account but has no involvement in the investment decisions for that managed account.
11. Stifel Canada or an affiliate managed or co-managed a public offering of securities for the subject company in the past 12 months.
12. Stifel Canada or an affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.
13. Stifel Canada or an affiliate is a market maker or liquidity provider in the securities of the subject company.

Stifel Canada Analysts are compensated competitively based on several criteria. The Analyst compensation pool is comprised of several revenue sources, including secondary trading commissions, new issue commissions, investment banking fees, and directed payments from institutional clients.

The Stifel Canada research recommendation structure consists of the following ratings:

Buy: A Buy rating reflects 1) bullish conviction on the part of the analyst; and 2) typically a 15% or greater return to target.

Speculative Buy: A Speculative Buy rating reflects 1) bullish conviction on the part of the analyst accompanied by a substantially higher than normal risk, including the possibility of a binary outcome; and 2) typically a 30% or greater return to target.

Hold: A Hold rating reflects 1) a lack of bullish or bearish conviction on the part of the analyst; and 2) typically a return of 0 to 20%.

Reduce: A Reduce rating reflects 1) bearish conviction on the part of the analyst; and 2) typically a 5% or lower return to target.

Tender: Clients are advised to tender their shares to a takeover bid or similar offer.

Additional Disclosures

Please visit the Research Page at www.Stifel.com/Research for the current research disclosures.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

This report has been prepared by Stifel Nicolaus Canada Inc. ("Stifel Canada"), which is authorized and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC").

"Stifel", shall include our group affiliate companies: (i) Stifel, Nicolaus & Company, Incorporated ("SNC"); (ii) Keefe, Bruyette & Woods, Incorporated ("KBWI"), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("SEC") and members of the Financial Industry National Regulatory Authority ("FINRA"), respectively; (iii) Stifel Nicolaus Europe Limited ("SNEL"), which is authorised and regulated by the United Kingdom Financial Conduct Authority ("FCA") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("KBW Europe"); (iv) our MainFirst affiliates (collectively "MAINFIRST"): MainFirst Bank AG, which is regulated by the German Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"), MainFirst Schweiz AG, which is regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"), and MainFirst Securities US Inc. which is a U.S. broker-dealer registered with the SEC and a member of FINRA; and (v) Stifel Nicolaus Canada, Inc. ("Stifel Canada") which is authorised and regulated by Investment Industry Regulatory Organization of Canada (IIROC), and also trades under the names Stifel GMP & Stifel First Energy.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel Canada contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures:

Canada: Stifel Canada is a member of IIROC and a participant of the TSX, and TSX Venture Exchange. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8 Tel: (416) 367-8600.

United States: Research produced and distributed by Stifel Canada is distributed by Stifel Canada to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended.

UK and European Economic Area (EEA): This report is distributed in the EEA by Stifel Canada. Research produced by Stifel Canada is not intended for use by and should not be made available to non-professional clients.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy any relevant legal requirements in that country.

Additional Information is Available Upon Request

© 2020 Stifel Canada. This report is produced for the use of Stifel Canada customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel Canada.

Oil & Gas Sector

April 17, 2020

1Q20e Preview – Large, Intermediate, Mid, Small & Micro Cap E&P

With this publication, we outline first quarter financial and operational projections, in addition to investment themes for the Junior E&P segments of our coverage universe... buckle in.

With COVID-19 reverberations not really impacting E&P businesses until the later stages of 1Q20, we don't believe there will be much in the way of variability between forecasts and actual results when the 1Q20 earnings results are posted. This will leave the most newsworthy items in these upcoming quarterly releases having more to do with forward-looking items such as: another round of capital/production/activity revisions, dividend right-sizing, and updates on credit outlook/bank lines. Given no price-related relief immediately recognizable from the most recent OPEC+ sitting, we believe companies preparing for a "lower for longer" scenario, with balance sheet preservation at the top of the corporate priority list, will be a prevalent theme described in reports over the next few weeks.

Bearish near-term outlook and uncertainty to dominate the medium-term, though longer-term potential exists on price recovery at current valuations, but timing is important

Liquidity will continue to dominate capital market psyche. Equity investors will be watching creditors assert priority in the rush to secure a stake in the liquid capital generating abilities of E&Ps in a distressed environment. Long-term investors are likely to observe stocks screen well at current levels within the context of price recovery, appreciating high plausibility for near-term stock price pressure, but are likely to remain selective and confined to quality. We see the market as risk averse to gaining weight in leverage vehicles given timing uncertainty of a global recovery, exacerbated by a redetermination of capital availability driven by creditors, in the near-term.

	1Q20 Reporting Date	Target Price	Rating
Large & Intermediate E&P			
ARX ⁸	May 6	C\$8.00	BUY
CPG ¹³	May 6	C\$2.75	BUY
ERF	TBD	C\$4.25	BUY
OVV ^{6, 13}	May 8	US\$3.50	HOLD
PSK	Apr 20	C\$10.25	BUY
PXT	May 13	C\$19.00	BUY
TOU ⁸	May 6	C\$21.25	BUY
VET	Apr 28	C\$5.50	BUY
VII ⁶	May 7	C\$4.50	BUY
WCP	Apr 30	C\$2.00	BUY
Mid Cap E&P			
AAV ^{7, 8}	May 6	C\$2.75	BUY
BIR	May 13	C\$2.25	BUY
BTE ^{1, 11, 13}	May 7	C\$0.40	H
CJ ⁸	May 7	C\$0.50	HOLD
GTE ¹³	May 5	U.R.	U.R.
IPCO ^{6, 8}	May 6	C\$2.75	HOLD
KEL	May 7	C\$2.05	BUY
NVA	May 5	C\$1.00	BUY
PEY ⁸	May 5	C\$2.25	HOLD
POU ⁶	May 7	C\$1.25	REDUCE
SGY ^{1, 11}	May 5	C\$0.35	HOLD
TOG ⁸	May 5	C\$1.75	BUY
TVE	May 12	C\$1.75	BUY
Small & Micro Cap E&P			
ATU ⁸	May 28	C\$0.20	HOLD
BNE	May 12	C\$0.75	REDUCE
BNP	May 13	C\$0.10	REDUCE
CKE	TBD	C\$0.07	TENDER
CR	May 7	C\$0.20	HOLD
DEE ⁸	TBD	C\$0.25	REDUCE
GXE ⁸	May 6	C\$0.10	REDUCE
HWX ^{1, 11}	May 13	C\$2.00	BUY
JOY	TBD	C\$0.10	REDUCE
LXE	TBD	C\$0.20	HOLD
PMT	May 4	C\$0.05	REDUCE
PNE	May 6	C\$0.10	HOLD
PONY ⁶	May 6	C\$0.30	HOLD
PRQ	May 5	C\$0.25	SPEC. BUY
SRX ⁸	May 12	C\$2.50	BUY
TXP ⁸	May 14	C\$1.15	BUY

R - Indicates Company is Restricted;
 U.R. - Indicates Company is Under Review
 Source: Stifel FirstEnergy

Robert J. Fitzmartyn, P.Eng. (403) 262-0648
rfitzmartyn@stifel.com

Cody R. Kwong, P.Geol. (403) 262-0638
crkwong@stifel.com

Michael P. Dunn, CFA (403) 262-0643
mpdunn@stifel.com

Calvin R. Baim, CPA (403) 262-0641
krbaim@stifel.com

Jason B. Yan, CPA (403) 262-0661
ibyan@stifel.com

Prepared by Stifel Nicolaus Canada Inc.

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications appear on the last three pages of this report.

Figure 1. 1Q20e SNCFE estimates vs. consensus

Large & Intermediate E&P		1Q20 Reporting Date	Target Price	Rating	1Q20e Production			4Q19 Prod. Boe (6:1) boe/d	Net Capex \$mm	Net Debt \$mm	1Q20e Financials			1Q20e Street AFFO \$/Share	Number of Analysts Reporting
					Liquids bbl/d	Gas mmcf/d	Boe (6:1) boe/d				AFFO \$mm	AFFOPS Basic	AFFOPS Diluted		
ARC Resources Ltd.	ARX	May 6	C\$8.00	BUY	36,395	688.1	151,074	147,650	200	1,041	152	\$0.43	\$0.43	\$0.46	13
Crescent Point Energy Corp.	CPG	May 6	C\$2.75	BUY	128,780	75.4	141,349	145,191	(133)	2,448	304	\$0.60	\$0.60	\$0.60	10
Enerplus Corporation	ERF	TBD	C\$4.25	BUY	53,668	247.9	94,986	107,436	159	640	113	\$0.51	\$0.51	\$0.55	13
Ovintiv Inc.*	OVV	May 8	US\$3.50	HOLD	309,934	1510.6	561,707	591,967	838	7,892	578	\$2.23	\$2.23	\$2.63	18
PrairieSky Royalty Ltd.	PSK	Apr 20	C\$10.25	BUY	11,247	62.0	21,583	22,203	0	3	40	\$0.17	\$0.17	\$0.21	11
Parex Resources Inc.*	PXT	May 13	C\$19.00	BUY	53,126	7.0	54,290	55,831	77	(326)	106	\$0.75	\$0.75	\$0.80	6
Tourmaline Oil Corp.	TOU	May 6	C\$21.25	BUY	63,561	1448.6	305,000	299,844	331	1,866	252	\$0.93	\$0.93	\$1.16	12
Vermilion Energy Inc.	VET	Apr 28	C\$5.50	BUY	55,224	256.5	97,967	97,877	218	2,135	175	\$1.11	\$1.11	\$1.11	13
Seven Generations Energy Ltd.	VII	May 7	C\$4.50	BUY	109,550	487.4	190,776	208,100	320	2,228	255	\$0.76	\$0.76	\$0.77	15
Whitecap Resources Inc.	WCP	Apr 30	C\$2.00	BUY	60,947	69.5	72,525	74,651	161	1,273	116	\$0.28	\$0.28	\$0.31	13
Mid Cap E&P															
Advantage Oil & Gas Ltd.	AAV	May 6	C\$2.75	BUY	3,600	255.0	46,100	47,370	90	364	30	\$0.16	\$0.16	\$0.18	12
Birchcliff Energy Ltd.	BIR	May 13	C\$2.25	BUY	17,143	335.9	73,125	77,962	148	845	43	\$0.16	\$0.16	\$0.21	12
Baytex Energy Corp.	BTE	May 7	C\$0.40	H	81,680	100.1	98,366	96,361	184	1,983	129	\$0.23	\$0.23	\$0.27	13
Cardinal Energy Ltd.	CJ	May 7	C\$0.50	HOLD	18,211	16.3	20,923	20,227	24	254	20	\$0.18	\$0.18	\$0.22	7
Gran Tierra Energy*	GTE	May 5	U.R.	U.R.	U.R.	U.R.	U.R.	U.R.	U.R.	U.R.	U.R.	U.R.	U.R.	\$0.10	5
International Petroleum Corp.*	IPCO	May 6	C\$2.75	HOLD	30,375	111.8	49,012	46,782	109	265	37	\$0.24	\$0.24	\$0.25	2
Kelt Exploration Ltd.	KEL	May 7	C\$2.05	BUY	15,989	91.6	31,250	31,262	93	458	39	\$0.21	\$0.20	\$0.23	11
NuVista Energy Ltd.	NVA	May 5	C\$1.00	BUY	20,597	186.3	51,652	57,010	135	648	49	\$0.22	\$0.22	\$0.25	14
Peyto Exploration & Development Corp.	PEY	May 5	C\$2.25	HOLD	11,945	397.6	78,218	77,457	70	1,165	61	\$0.37	\$0.37	\$0.44	9
Paramount Resources Ltd.	POU	May 7	C\$1.25	REDUCE	27,996	246.6	69,093	85,411	92	760	36	\$0.27	\$0.27	\$0.35	13
Surge Energy Inc.	SGY	May 5	C\$0.35	HOLD	17,307	18.3	20,350	20,325	36	394	33	\$0.10	\$0.10	\$0.11	10
TORC Oil & Gas Ltd.	TOG	May 5	C\$1.75	BUY	25,135	20.3	28,514	28,378	63	384	45	\$0.20	\$0.20	\$0.25	12
Tamarack Valley Energy Ltd.	TVE	May 12	C\$1.75	BUY	14,683	51.3	23,230	24,859	75	222	42	\$0.19	\$0.18	\$0.19	13
Small & Micro Cap E&P															
Altura Energy Inc.	ATU	May 28	C\$0.20	HOLD	956	3.1	1,470	1,561	7	6	1	\$0.01	\$0.01	n.a.	n.a.
Bonterra Energy Corp.	BNE	May 12	C\$0.75	REDUCE	8,185	23.7	12,141	12,387	19	296	17	\$0.51	\$0.51	\$0.56	9
Bonavista Energy Corporation	BNP	May 13	C\$0.10	REDUCE	19,395	277.4	65,622	62,923	35	840	28	\$0.11	\$0.10	\$0.14	7
Chinook Energy Inc.	CKE	TBD	C\$0.07	TENDER	413	14.0	2,750	3,304	0	6	1	\$0.00	\$0.00	\$0.00	1
Crew Energy Inc.	CR	May 7	C\$0.20	HOLD	6,075	96.2	22,110	22,446	(18)	320	10	\$0.07	\$0.06	\$0.10	12
Delphi Energy Corp.	DEE	TBD	C\$0.25	REDUCE	2,757	24.6	6,862	7,022	27	168	7	\$0.32	\$0.32	\$0.31	3
Gear Energy Ltd.	GXE	May 6	C\$0.10	REDUCE	5,887	4.9	6,700	6,888	11	73	7	\$0.03	\$0.03	\$0.08	4
Headwater Exploration Inc.	HWX	May 13	C\$2.00	BUY	10	9.0	1,518	586	0	(117)	6	\$0.05	\$0.05	\$0.03	1
Journey Energy Inc.	JOY	TBD	C\$0.10	REDUCE	4,502	28.1	9,177	9,463	1	122	4	\$0.08	\$0.08	\$0.07	2
Leucrotta Exploration Inc.	LXE	TBD	C\$0.20	HOLD	1,133	13.3	3,344	2,953	5	1	2	\$0.01	\$0.01	\$0.02	8
Perpetual Energy Inc.	PMT	May 4	C\$0.05	REDUCE	2,119	39.5	8,701	7,991	6	123	2	\$0.03	\$0.03	-\$0.06	1
Pine Cliff Energy Ltd.	PNE	May 6	C\$0.10	HOLD	1,915	105.7	19,534	19,661	2	63	3	\$0.01	\$0.01	\$0.01	1
Painted Pony Petroleum Ltd.	PONY	May 6	C\$0.30	HOLD	4,725	285.8	52,355	45,173	20	334	6	\$0.04	\$0.04	\$0.10	10
Petrus Resources Ltd.	PRQ	May 5	C\$0.25	SPEC. BUY	2,640	29.9	7,624	8,292	9	126	7	\$0.14	\$0.14	\$0.15	5
Storm Resources Ltd.	SRX	May 12	C\$2.50	BUY	4,923	116.7	24,375	22,375	30	144	15	\$0.12	\$0.12	\$0.13	5
Touchstone Exploration Inc.*	TXP	May 14	C\$1.15	BUY	1,705	0.0	1,705	1,690	4	8	(0)	\$0.00	\$0.00	n.a.	n.a.

R - Indicates Company is Restricted; U.R. - Indicates Company is Under Review

Consensus as at April 16, 2020.

* Denotes companies which have estimates presented in \$USD

Source: Stifel FirstEnergy, Company disclosures, Thomson Eikon

Liquidity outlook remains amongst chief focus

While there are supportive factors in terms of Bank of Canada maintenance of low overnight rates, purchase of Government Canada securities, and a new Provincial Bond Purchase Program and Corporate Bond Purchase Program, lubrication of capital markets will largely be confined to credit markets initially. Preservation of equity positions in this environment is likely to dominate market appetite for risk in the very near term. The violent reduction in benchmark crude oil, condensate and NGL prices introduces a stark immediacy to corporate liquidity positions coincident with many credit facility reviews in 2Q20e, though significant contango exists in the future market to provide the appearance of price recovery ahead. No question though, earnings power at existing levels is pressuring breakeven operations for many.

Factors that could place pressure on residual equity, and as such warrant caution for equity investors include:

- **Unrealistic debt repayment schedules** – Given the spread in spot prices vs. medium term (six months), the downside risk in the forward curve is significant. Credit market lubrication at the government level is relegated to investment grade debt, that while likely to ultimately trickle lower, may not be fast enough in light of obligations that are current;
- **No excess capacity on existing bank lines** – Senior creditors are likely to exert priority here and we expect senior credit availability broadly to shrink as creditors assess default risk and rein in unnecessary exposure in companies that currently maintain significant unutilized credit capacity;
- **Compatibility of debt sources** – The interaction of syndicated bank credit capacity as it relates to upcoming term debt maturities is being watched very closely in the past few months. Is the syndicated bank credit capacity truly available for the retirement of other debt instruments? While not necessarily an indication of sector-wide application, the recent denial of a bank line draw request by Bonavista, does certainly warrant these conversations at a broader level.
- **Unsustainable dividend payouts now (or historical)** – E&P distributions have been slashed from \$1,450 mm in annual dividends in the Large/Intermediate/Mid/Small Cap space entering 2020e to the implied annualized payouts that have fallen to \$556 mm today.
- **Low cash netbacks and limited visibility into 2021e with far lower hedges in place** – Near term pricing is at or below fixed costs for many which is increasing credit risk;
- **High Asset Retirement/Decommissioning Obligations (ARO)** – The [Redwater decision](#) in early 2019 has proved to be a harbinger for the securitization of priority in the capital structure that is playing out rapidly in real-time currently. ARO and associated remediation liability, like debt, remain above the equity holder. What changed is the immediate reduction in implied borrowing capacity available to E&Ps as the credit risk of the debt-holder portfolio suddenly increased with the arrival of a new interest pari passu to the senior level.

Figure 2. Liquidity profile summary

Company	Current Price (\$/sh)	Market Cap. (\$mm)	Enterprise Value (\$mm)	As at Year-End 2019			2020e LOC (\$mm)	Current LOC Availability Based on 2019 Draw		2020e				Debt Due	
				Bank Debt + WC (\$mm)	LOC (\$mm)	Net Debt (\$mm)		(\$mm)	(%)	Net Debt (\$mm)	FFO (\$mm)	ND/FFO (x)	ND/FFO (fwd) (x)	2020 (\$mm)	2021-2022 (\$mm)
ARX	\$4.55	\$1,611	\$2,508	\$151	\$990	\$940	\$990	\$901	91%	\$896	\$460	1.9x	1.3x	\$149	\$402
CPG	\$1.20	\$585	\$3,223	\$666	\$3,000	\$2,765	\$3,000	\$2,194	73%	\$2,638	\$597	4.4x	6.4x	\$275	\$1,449
ERF	\$2.36	\$527	\$1,304	\$59	\$779	\$559	\$843	\$843	100%	\$776	\$208	3.7x	3.9x	\$115	\$228
OVV**	\$3.61	\$938	\$11,955	\$1,800	\$5,560	\$10,524	\$5,560	\$4,590	83%	\$11,017	\$2,563	4.3x	7.7x	\$0	\$1,898
PSK	\$7.69	\$1,796	\$1,774	\$3	\$225	\$3	\$225	\$218	97%	(\$22)	\$108	-0.2x	-0.2x	\$0	\$7
PXT**	\$12.86	\$1,818	\$1,261	(\$489)	\$278	(\$489)	\$278	\$278	100%	(\$557)	\$296	-1.9x	-1.6x	\$0	\$0
TOU	\$11.04	\$2,992	\$4,880	\$811	\$1,850	\$1,756	\$1,850	\$1,176	64%	\$1,888	\$945	2.0x	1.4x	\$34	\$67
VET	\$4.56	\$728	\$2,855	\$1,601	\$2,100	\$1,986	\$2,100	\$551	26%	\$2,127	\$372	5.7x	4.9x	\$0	\$0
VII	\$1.95	\$658	\$3,206	\$49	\$1,400	\$2,079	\$1,400	\$1,400	100%	\$2,548	\$615	4.1x	4.3x	\$0	\$0
WCP	\$1.24	\$517	\$1,787	\$599	\$1,175	\$1,193	\$1,175	\$593	51%	\$1,270	\$232	5.5x	6.9x	\$0	\$200
AAV	\$1.64	\$314	\$549	\$304	\$400	\$304	\$400	\$104	26%	\$235	\$106	2.2x	2.0x	\$0	\$296
BIR	\$1.10	\$293	\$1,203	\$633	\$1,000	\$733	\$1,000	\$391	39%	\$910	\$134	6.8x	3.1x	\$50	\$611
BTE	\$0.31	\$171	\$2,321	\$1,066	\$1,047	\$1,879	\$1,108	\$587	53%	\$2,150	\$131	16.4x	33.5x	\$0	\$0
CJ	\$0.48	\$54	\$339	\$203	\$325	\$247	\$325	\$152	47%	\$285	(\$1)	-493.9x	24.1x	\$47	\$173
GTE**	\$0.40	U.R.	U.R.	U.R.	U.R.	U.R.	U.R.	U.R.	n.a.	U.R.	U.R.	U.R.	U.R.	U.R.	U.R.
IPCO**	\$1.88	\$281	\$660	\$257	\$569	\$257	\$545 ↓	\$204	38%	\$379	\$71	5.4x	5.8x	\$0	\$343
KEL	\$0.97	\$183	\$620	\$322	\$350	\$405	\$350	\$50	14%	\$437	\$83	5.3x	4.8x	\$16	\$392
NVA	\$0.52	\$117	\$732	\$345	\$550	\$562	\$550	\$244	44%	\$615	\$132	4.7x	4.6x	\$0	\$523
PEY	\$1.77	\$292	\$1,493	\$732	\$1,300	\$1,147	\$1,300	\$595	46%	\$1,202	\$187	6.4x	5.1x	\$0	\$810
POU	\$1.19	\$159	\$1,076	\$704	\$1,500	\$704	\$1,500	\$868	58%	\$917	\$22	40.8x	10.1x	\$0	\$632
SGY	\$0.21	\$71	\$458	\$314	\$350	\$382	\$350	\$34	10%	\$387	\$49	7.9x	13.9x	\$0	\$316
TOG	\$0.80	\$181	\$596	\$350	\$500	\$350	\$500	\$196	39%	\$414	\$57	7.3x	4.6x	\$0	\$304
TVE	\$0.49	\$114	\$289	\$189	\$350	\$189	\$350	\$157	45%	\$175	\$109	1.6x	2.1x	\$0	\$193
ATU	\$0.21	\$23	\$27	\$1	\$9	\$1	\$8 ↓	\$8	100%	\$4	\$3	1.5x	1.9x	\$0	\$0
BNE	\$1.32	\$44	\$344	\$273	\$325	\$293	\$325	\$52	16%	\$300	\$19	15.9x	15.8x	\$20	\$273
BNP	\$0.13	\$36	\$906	\$55	\$500	\$809	\$500	\$447	89%	\$870	\$89	9.7x	8.2x	\$208	\$247
CKE	\$0.07	\$16	\$22	\$6	\$10	\$6	\$10	\$3	30%	\$6	\$1	6.3x	1.3x	\$7	\$0
CR	\$0.19	\$29	\$337	\$52	\$235	\$348	\$235	\$183	78%	\$308	\$27	11.6x	16.1x	\$0	\$52
DEE	\$0.35	\$11	\$166	\$52	\$80	\$156	\$80	\$34	42%	\$155	\$14	11.1x	-40.2x	\$0	\$47
GXE	\$0.12	\$26	\$94	\$57	\$90	\$69	\$90	\$26	29%	\$67	\$15	4.4x	-25.2x	\$0	\$63
HWX	\$1.11	\$161	\$45	(\$63)	\$0	(\$63)	\$0	\$0	n.a.	(\$116)	\$5	-22.0x	-13.7x	\$0	\$0
JOY	\$0.32	\$14	\$138	\$80	\$79	\$124	\$75 ↓	\$6	8%	\$124	\$2	50.8x	56.5x	\$69	\$22
LXE*	\$0.28	\$56	\$60	(\$2)	\$20	(\$2)	\$20	\$20	100%	\$4	(\$0)	-140.9x	1.4x	\$0	\$0
PMT	\$0.06	\$4	\$91	\$55	\$55	\$118	\$20 ↓	(\$28)	-138%	\$87	\$3	25.5x	19.7x	\$48	\$79
PNE	\$0.10	\$33	\$105	\$3	\$0	\$64	\$0	\$0	n.a.	\$72	\$3	26.5x	3.2x	\$0	\$19
PONY	\$0.27	\$43	\$391	\$128	\$375	\$320	\$375	\$255	68%	\$347	\$8	44.4x	5.7x	\$0	\$320
PRQ	\$0.10	\$5	\$126	\$89	\$98	\$124	\$98	\$6	6%	\$121	\$22	5.5x	5.6x	\$127	\$0
SRX	\$1.14	\$139	\$283	\$129	\$205	\$129	\$205	\$83	41%	\$145	\$49	3.0x	1.7x	\$0	\$122
TXP**	\$0.48	\$90	\$113	\$2	\$0	\$23	\$0	\$0	n.a.	\$23	\$1	28.6x	0.4x	\$0	\$12

Source: Stifel FirstEnergy, Company disclosures

Note: All dollar figure amounts are in CAD\$ unless otherwise noted.

*Denotes companies yet to report year-end 2019 results. Accordingly, all 2019 figures presented are representative of SNCFE estimates.

**Indicates companies denominated in US\$ presentation currency which have had dollar figure estimates converted to CAD\$.

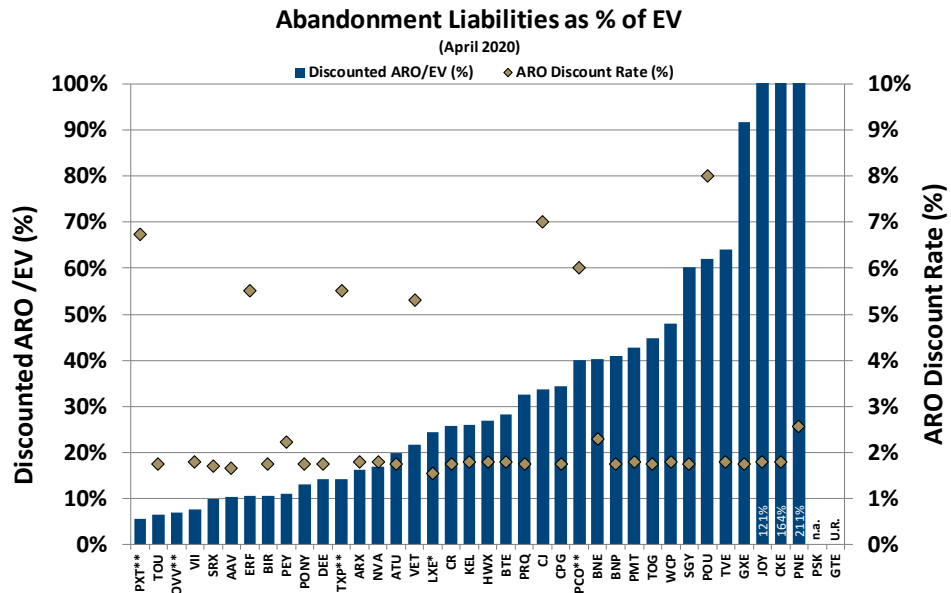
- Limited capital availability, while illustrated relative to year-end 2019 in Figure 2, has deteriorated in most cases further on receipt of increased clarity on 1Q20e E&P investment levels. To be sure, investment conditions were looking relatively favourable to the start of 1Q20e, and by nature execution in the winter prior to spring break-up is a pressuring factor tightening the window for capital deployment for Canadian E&Ps. Usually financial coffers get replenished in the second quarter, where field activity levels and capital investment are traditionally low, yet volumes (and free cash flow) are flush. This won't be the case this year, as low prices, and economically driven shut-ins will see balance sheets stretched even further. There are a select few, like AAV and CPG, whose balance sheets actually improve in 2020, as a result of asset/infrastructure sales.

Other key themes expected to dominate 1Q20 earnings discussions

- **Another round of budget revisions** – In most cases, our coverage universe has already made 1x-2x revisions to original 2020 guidance given the swift and dramatic impacts of COVID-19. We expect this to continue over the 1Q20e earnings season, particularly after the recent OPEC+ oil supply cuts did little to prop up crude oil/liquids pricing, which is likely to cause management and boards to recalibrate their plans for 2020, and beyond. For those with meaningful exposure to oil and liquids projects, we have seen the complete cancellation/deferral of any further development drilling plans for the remainder of 2020, a trend we believe more will adapt in this reporting cycle.
- **Right-sizing of dividend policies** – Most of the E&Ps that pay dividends have already taken a prudent approach by reducing their dividends in the past 4-6 weeks. Some have already cut their dividends more than once, as was the case with Vermilion who decreased its dividend twice since early March, before ultimately suspending it altogether, just days ago. We think this trend continues from the perspective of prudent sustainability management, but also with increased pressure from senior creditors preserving their claim on capital flows in the current environment.
- **Bank line redetermination season is upon us** – As is traditional, companies are slated to go through a normal course spring bank line review with their syndicates of lenders. Clearly this isn't a regular year, with meaningful degradation in oil/liquids spot and futures prices likely to put downward pressure on existing credit facilities. For the healthier entities, we suspect the banks will lightly whittle away at unutilized credit capacities, leaving behind sufficient financial flexibility to withstand what is expected to be a challenging few quarters ahead. For others in a more daunting financial position, we expect lenders to assert themselves deeper into the corporate decision-making process by limiting excess credit capacity, layering in hedges, restricting capital outflows/activity, and potentially influencing dividend policies.
- **Quantification/execution of economic shut-in thresholds** – This low price environment is now forcing companies to review shut-in economics of their plays/fields (where applicable). With near universal consensus that low oil prices are here for at least months, if not quarters, quantifying and shutting in uneconomic production will command the attention of management in the short term.

Figure 3. ARO/EV

Abandonment liabilities are not only a meaningful consideration in credit lending discussions, but should also play a meaningful role in current market/A&D valuations.

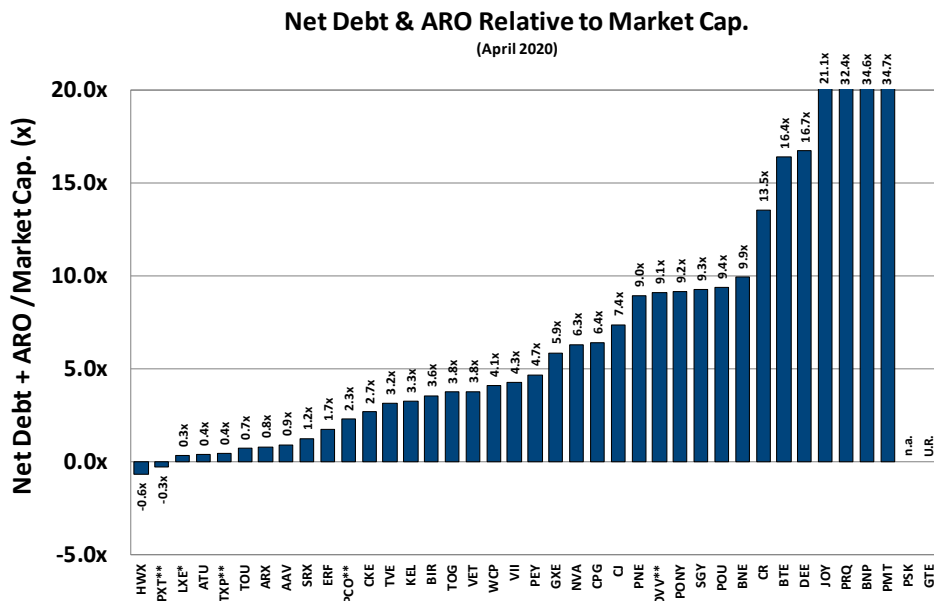


Source: Stifel FirstEnergy, Company reports
 R - Restricted, U.R. - Under Review, n.a. - not available
 *Denotes companies that have yet to report 4Q19 results, as such ARO figures are presented as at September 30, 2019
 **Indicates companies with US\$ presentation currency. Dollar figures reported above have therefore been converted to \$CAD.

Source: Stifel FirstEnergy, Company disclosures

Figure 4. Net debt and ARO vs. market cap

The perceived lower risk entities tend to be found at the left side of this chart. The importance of equity holder stake preservation is heightened in this environment and there is less risk to stock holders in these E&Ps as priority is exercised in the capital structure. Keep in mind this is not confined solely to existing creditors as E&Ps ensure liquidity.

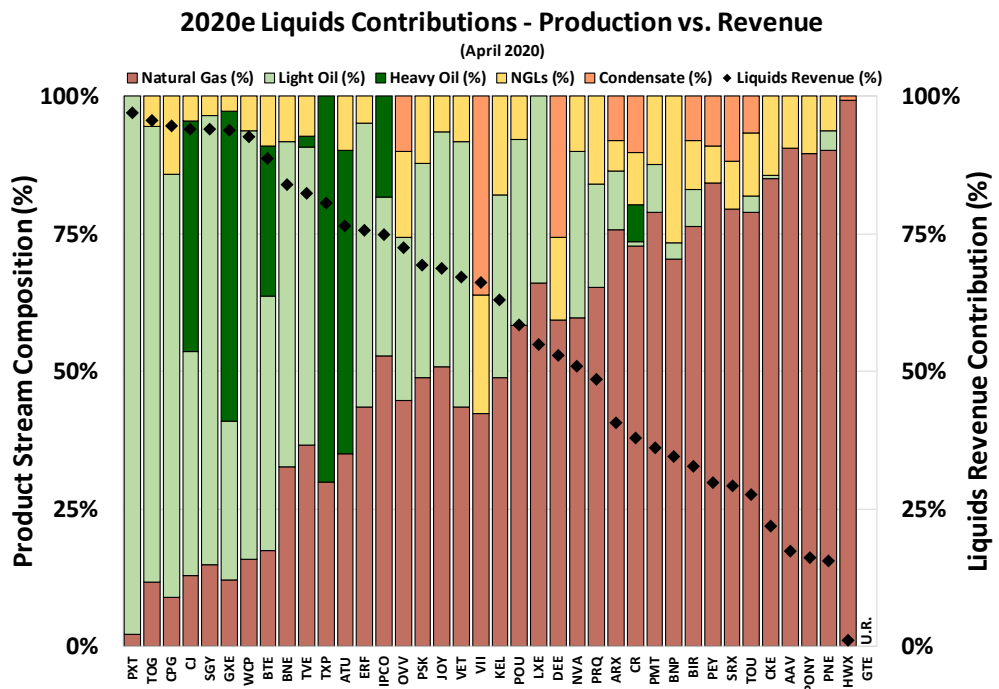


Source: Stifel FirstEnergy, Company reports
 R - Restricted, U.R. - Under Review, n.a. - not available
 *Denotes companies that have yet to report 4Q19 results, as such ARO figures are presented as at September 30, 2019
 **Indicates companies with US\$ presentation currency. Dollar figures reported above have therefore been converted to \$CAD.

Source: Stifel FirstEnergy, Company disclosures

On price recovery, there are multiple reasons to suggest stock market recognition could be fast and significant given the inherent operational and financial leverage for many E&Ps in the space. Except for domestic natural gas near-term, virtually all hydrocarbons product prices are converging. We are predisposed to continue to accumulate shares in stronger, quality business plans, though there will be a trade when those down “only” 25%-35% YTD could see market favour fleeting for those down 80%-90% YTD. Timing is everything though, so very near-term we are focused on business liquidity as a determining factor for stock selection. With credit to allocate in portfolios under duress, yet revitalized to a degree with government intervention, there will be winners picked by creditors a head.

Figure 5. Product composition vs. liquids revenue (%)



Source: Stifel FirstEnergy, Company disclosures

Figure 6. Current forward strip – April 15, 2020

Crude oil prices & differentials*		2016	2017	2018	1Q19	2Q19	3Q19	4Q19	2019	1Q20e	2Q20e	3Q20e	4Q20e	2020e	2021e	2022e	2023e
WTI NYMEX @Cushing	US\$/bbl	43.39	50.86	64.76	54.90	59.82	56.45	56.96	57.03	46.17	22.51	31.26	33.39	33.33	35.70	38.09	40.22
Brent ICE	US\$/bbl	45.07	54.75	71.53	63.90	68.32	62.00	62.50	64.18	50.96	28.19	33.32	36.69	37.29	39.36	42.51	45.21
LLS	US\$/bbl	44.94	54.04	69.94	62.32	67.20	60.64	60.63	62.70	48.15	20.87	30.16	33.04	33.06	36.88	39.34	41.47
WTI Houston	US\$/bbl	n.a.	n.a.	69.46	60.78	66.10	59.54	59.82	61.56	47.80	21.04	30.31	32.76	32.98	36.15	35.54	36.52
Maya*	US\$/bbl	36.53	47.06	62.47	58.87	62.03	56.66	52.99	57.64	41.20	18.63	28.76	30.74	29.83	32.91	35.29	37.81
WCS Houston	US\$/bbl	n.a.	n.a.	62.37	57.16	61.06	53.35	52.08	55.91	41.88	12.94	21.79	25.82	25.61	28.56	29.50	30.22
Vasconia*	US\$/bbl	39.61	50.74	66.72	60.33	65.54	59.21	58.43	60.88	45.82	21.80	25.45	27.12	30.05	29.43	32.48	35.15
WCS@Hardisty	C\$/bbl	39.37	49.06	43.55	57.87	65.74	57.43	50.06	57.77	32.04	10.29	21.81	24.38	22.13	26.98	30.03	33.15
Edm light	C\$/bbl	53.05	62.86	68.42	66.11	73.83	68.25	68.13	69.08	51.81	17.66	28.50	32.18	32.53	39.63	49.74	52.94
SCO @Edm	C\$/bbl	58.15	67.93	74.65	69.88	80.31	75.14	74.27	74.90	58.34	19.62	34.12	37.80	37.47	45.25	55.37	58.59
Conde @Edm	C\$/bbl	56.21	67.04	79.30	67.28	74.72	69.26	70.28	70.39	62.13	20.18	28.50	31.83	35.66	40.68	44.11	47.29
Brent-WTI@Houston	US\$/bbl	n.a.	n.a.	2.07	3.12	2.22	2.46	2.69	2.62	3.16	7.15	3.02	3.92	4.31	3.20	6.97	8.69
WTI@Houston-WTI@Cushing	US\$/bbl	n.a.	n.a.	4.70	5.88	6.28	3.09	2.86	4.53	1.63	(1.47)	(0.95)	(0.63)	(0.36)	0.45	(2.55)	(3.70)
Brent-WTI@Cushing	US\$/bbl	1.68	3.89	6.77	9.00	8.50	5.55	5.54	7.15	4.79	5.68	2.06	3.30	3.96	3.66	4.42	5.00
Brent-Vasconia*	US\$/bbl	5.46	4.01	4.81	3.57	2.78	2.79	4.07	3.30	5.14	6.40	7.88	9.57	7.24	9.93	10.02	10.06
Brent-Maya*	US\$/bbl	8.54	7.69	9.06	5.03	6.29	5.34	9.51	6.54	9.76	9.57	4.56	5.95	7.46	6.45	7.22	7.40
WTI@Houston-WCS@Houston	US\$/bbl	n.a.	n.a.	7.09	3.62	5.04	6.19	7.74	5.65	5.92	8.10	8.51	6.94	7.37	7.59	6.04	6.30
WCS@Houston-WCS@Hardisty	US\$/bbl	n.a.	n.a.	24.80	14.57	11.93	9.14	10.98	11.64	16.24	5.63	6.28	8.48	9.26	9.36	8.17	6.75
WTI-WCS	US\$/bbl	13.80	12.11	27.19	12.31	10.69	12.24	15.86	12.76	20.53	15.20	15.75	16.05	16.98	16.50	16.75	16.75
WTI-Ed light	US\$/bbl	3.32	2.39	11.95	5.18	4.63	4.76	5.34	4.97	7.58	9.97	11.00	10.50	9.93	7.50	2.75	2.75
WTI-SCO	US\$/bbl	(0.53)	(1.52)	7.14	2.34	(0.21)	(0.46)	0.69	0.58	2.71	8.58	7.00	6.50	6.38	3.50	(1.25)	(1.25)
WTI-Conde	US\$/bbl	0.93	(0.84)	3.55	4.30	3.96	3.99	3.71	3.98	(0.11)	8.18	11.00	10.75	7.68	6.75	6.75	6.75
CAD	US\$	0.755	0.771	0.772	0.752	0.748	0.757	0.758	0.754	0.745	0.710	0.711	0.711	0.719	0.712	0.710	0.708

*reflects futures strip at 15-Apr; no futures prices available for Maya or Vasconia

Source: Stifel FirstEnergy, Bloomberg, NYMEX, ICE, Argus, Net Energy

Natural gas*		2016	2017	2018	1Q19	2Q19	3Q19	4Q19	2019	1Q20e	2Q20e	3Q20e	4Q20e	2020e	2021e	2022e	2023e
NYMEX	US\$/mcf	2.55	3.02	3.07	2.87	2.51	2.33	2.41	2.53	1.87	1.66	2.02	2.42	1.99	2.59	2.45	2.45
UK NBP	US\$/mcf	4.66	5.80	8.03	6.34	4.07	3.42	4.12	4.49	3.24	1.87	2.27	3.65	2.76	4.10	4.70	4.71
AECO 5A daily	C\$/mcf	2.17	2.19	1.52	2.55	1.18	0.91	2.45	1.78	2.04	1.74	1.90	2.31	2.00	2.40	2.35	2.38
AECO 7A monthly	C\$/mcf	2.11	2.48	1.55	1.96	1.17	1.09	2.39	1.65	2.17	1.66	1.89	2.30	2.01	2.40	2.35	2.38
Station 2	C\$/mcf	1.74	1.57	1.27	1.30	0.60	0.67	1.49	1.02	1.98	1.68	1.81	2.28	1.94	2.37	2.31	2.29
CREC	C\$/mcf	2.35	2.18	2.23	2.76	1.40	1.12	2.00	1.82	2.07	1.79	1.99	2.48	2.08	2.43	2.28	2.29
Empress	C\$/mcf	n.a.	n.a.	3.08	3.03	2.35	2.08	2.53	2.50	2.03	1.77	1.94	2.50	2.06	2.61	2.54	2.59
Dawn, ON	US\$/mcf	2.57	3.04	3.14	2.92	2.35	2.12	2.23	2.40	1.77	1.55	1.73	2.27	1.83	2.47	2.39	2.39
Sumas, WA	US\$/mcf	2.18	2.61	3.56	13.57	1.81	2.05	3.55	5.25	1.88	1.34	1.78	2.98	1.99	2.47	2.27	2.27
Malin, OR	US\$/mcf	2.35	2.74	2.76	4.73	1.94	2.10	2.68	2.86	1.85	1.13	1.68	2.29	1.74	2.30	2.19	2.21
Chicago	US\$/mcf	2.50	2.89	3.03	3.05	2.32	2.10	2.20	2.42	1.75	1.42	1.71	2.26	1.78	2.41	2.27	2.27
PG&E Citygate	US\$/mcf	2.72	3.23	3.36	5.08	3.05	2.77	3.29	3.55	2.71	2.29	2.71	3.04	2.69	3.09	3.03	3.02
Waha	US\$/mcf	2.33	2.69	2.03	1.41	0.01	0.94	1.20	0.89	0.52	0.58	1.40	1.62	1.03	1.79	1.65	1.65
NYMEX-AECO5A	US\$/mcf	0.91	1.33	1.89	0.95	1.63	1.63	0.56	1.19	0.35	0.43	0.67	0.78	0.56	0.88	0.78	0.77
NYMEX-AECO7A	US\$/mcf	0.96	1.11	1.87	1.40	1.63	1.50	0.61	1.28	0.25	0.48	0.67	0.79	0.55	0.89	0.79	0.77
AECO-Station2	C\$/mcf	0.43	0.62	0.26	1.25	0.58	0.24	0.96	0.76	0.05	0.06	0.09	0.03	0.06	0.03	0.05	0.10
AECO-CREC	C\$/mcf	(0.18)	0.01	(0.70)	(0.21)	(0.22)	(0.20)	0.45	(0.05)	(0.03)	(0.05)	(0.09)	(0.18)	(0.09)	(0.03)	0.08	0.09
NYMEX-Empress	US\$/mcf	n.a.	n.a.	0.69	0.59	0.75	0.75	0.50	0.65	0.35	0.40	0.64	0.65	0.51	0.74	0.65	0.62
NYMEX-Dawn	US\$/mcf	(0.02)	(0.02)	(0.08)	(0.05)	0.16	0.20	0.19	0.12	0.10	0.11	0.29	0.15	0.16	0.12	0.07	0.06
NYMEX-Sumas	US\$/mcf	0.37	0.41	(0.50)	(10.70)	0.70	0.28	(1.14)	(2.72)	(0.01)	0.32	0.23	(0.55)	(0.00)	0.13	0.19	0.19
NYMEX-Malin	US\$/mcf	0.20	0.28	0.31	(1.86)	0.57	0.23	(0.27)	(0.33)	0.02	0.53	0.34	0.14	0.26	0.29	0.26	0.24
NYMEX-Chicago	US\$/mcf	0.05	0.13	0.03	(0.18)	0.19	0.23	0.22	0.11	0.12	0.24	0.31	0.16	0.21	0.19	0.19	0.19
NYMEX-PG&E	US\$/mcf	(0.17)	(0.22)	(0.30)	(2.21)	(0.54)	(0.44)	(0.88)	(1.02)	(0.84)	(0.62)	(0.70)	(0.62)	(0.69)	(0.50)	(0.57)	(0.57)
NYMEX - Waha	US\$/mcf	0.21	0.33	1.04	1.46	2.50	1.39	1.22	1.64	1.35	1.08	0.62	0.81	0.96	0.81	0.81	0.81
CAD	US\$	0.755	0.771	0.772	0.752	0.748	0.757	0.758	0.754	0.745	0.710	0.711	0.711	0.719	0.712	0.710	0.708

*reflects futures prices at 15-Apr where available (no futures for Chicago, no futures for Waha beyond 4Q20e), ^denotes 'month ahead' price

Source: Stifel FirstEnergy, Bloomberg, NYMEX, ICE, NGX, Enerdata

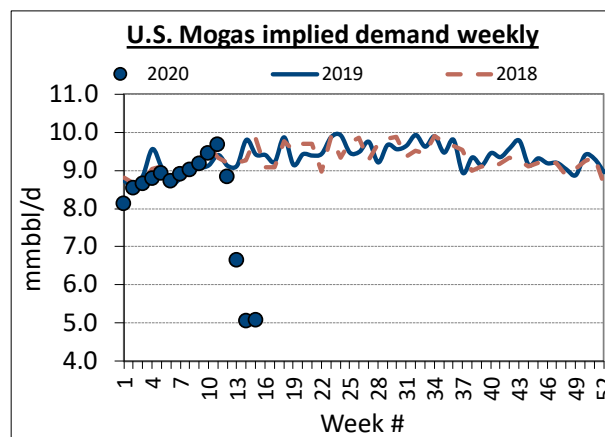
assumes 1 mcf = 1 mmbtu

Commodity prices converging with the exception of domestic natural gas. So far.

The current pricing picture remains highly speculative.

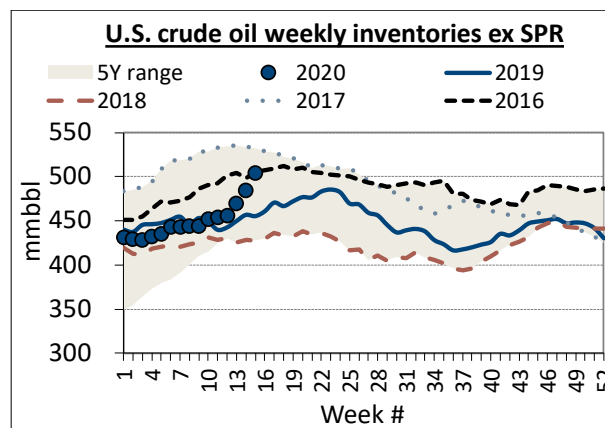
Global **crude oil** markets are scrambling to assign barrels to storage and the supply/demand imbalance corrects itself in the price. US crude oil storage levels are under scrutiny, and with builds of 10-20 mmbbl/week on ~600 mmbbls of storage capacity on what was earlier this week 475 mmbbls in inventory could draw focus to a coverage duration measured in weeks. We expect further price pressure in the near-term (1-2 months) and a very uncertain ramp from stabilization in the medium term (2-6 months). We expect stock market participants capable of playing the long game to continue to focus on aggregating liquid, sizable E&P stocks that can distinguish FCF generating superiority through a trough. There will be a time when the market seeks operational and financial leverage on price recovery but that appears tenuous in the near term.

Figure 7. US gasoline demand



Source: U.S. EIA, Stifel FirstEnergy, Bloomberg

Figure 8. U.S. crude oil inventories

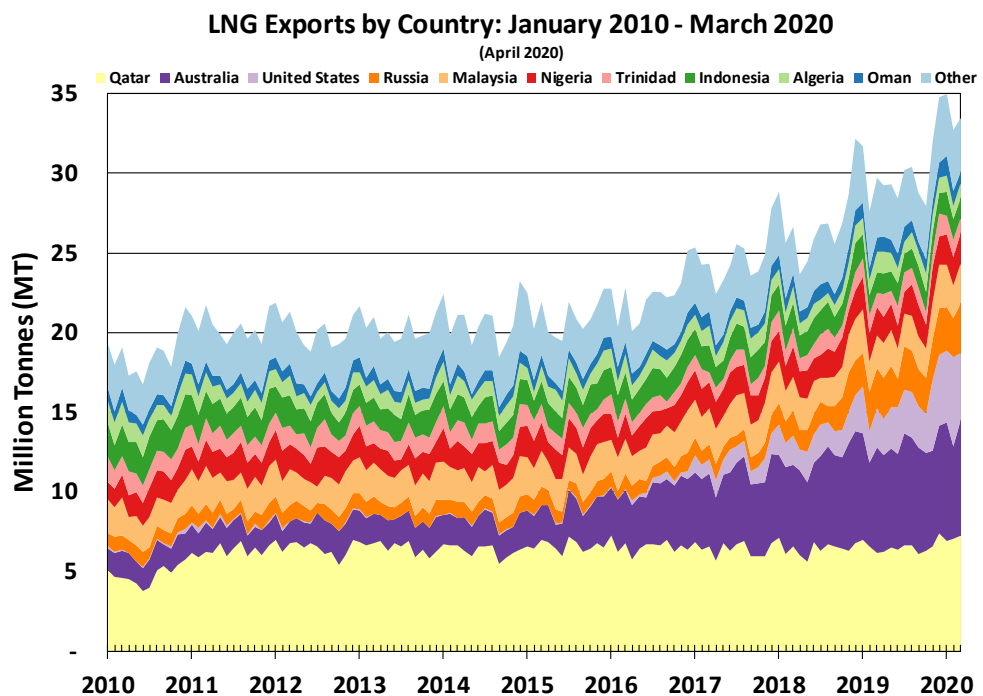


Source: Stifel FirstEnergy, DOE/EIA, Bloomberg
 'SPR' = Strategic Petroleum Reserve

U.S crude oil Inventories were well within the 5-year band up until a few weeks ago, when COVID-19 brought forth a crash in demand. This is only exacerbated by a Russians vs Saudi price war.

In the **natural gas** space, domestic price takes have felt welcome relief in terms of outperformance, but that could be tested in the medium term over this summer. To be sure, near-term price support from a favourable weather picture is helping, though real questions exist around the supply/demand picture ahead. Declining US industrial demand seems a near certainty which is a bearish factor, as is local demand destruction on oilsands shut-ins, though the nature of shale declines are bullish. We are months away from space-heating demand, a prime driver of natural gas consumption. The relative inelasticity thus far of US LNG exports is a favourable condition. Other factors aiding the local WCSB domestic market include a lack of surplus in Mountain and Pacific regional storage balances relative to 5-year averages and some insulation thus far in week over week changes in electrical demand. We are predisposed to believing in recent natural gas strength into 2021e as observed in the futures market but in the medium term weakness is plausible. A very large spread in front-month to winter 2021e gas will surely support near-term pricing and marketers looking to build storage levels and hedge out the position. We would expect E&P hedging activity in domestic benchmarks to escalate supported by creditors.

Figure 9. LNG exports by country



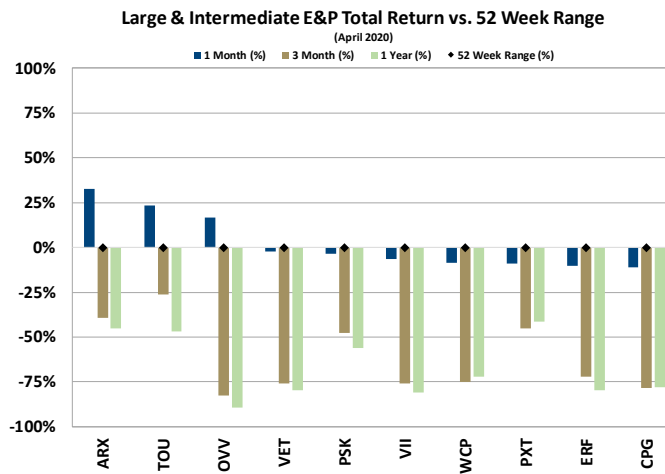
Source: Stifel FirstEnergy, IHS Markit

US LNG exports have held up reasonably well though Europe demand weakness is likely to pressure the supply chain.

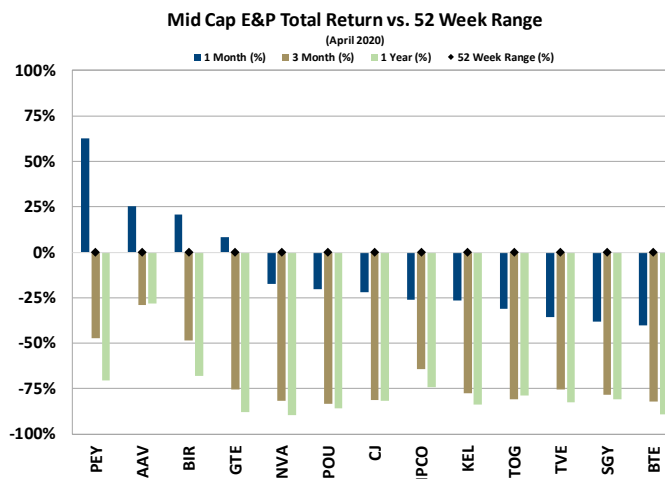
Declining oilsands demand is also bearish for **condensate** pricing. This week has observed days where Western Canada Select has closed at a higher price than condensate in a scenario largely regarded as unthinkable in the “Liquids Rich” economically superior revenue line narrative of the last few years. Further, condensate storage (Keyera ~300 mbbbls, Pembina ~500 mbbbls as examples) is de minimus relative to recent output trends, amounting to days of cover. With all that said, we believe that with the calendar nearing the flip to May, we could see some relief on condensate pricing pressures, as current US/Canada pricing differentials should materially suppress the amount of US condensate shipped north of the border.

While we did allude to surprisingly ample **NGL** storage (propane, butane) in a quick take on the [domestic natural picture](#), we remain cautious on actual physical deliveries and capacity in the system. There remains a risk in our view that natural gas production may be restricted should liquids marketing capacity become strained. This could mute the earnings power for E&Ps retaining some element of leverage to natural gas. In any event, prices remain near historical lows in the interim.

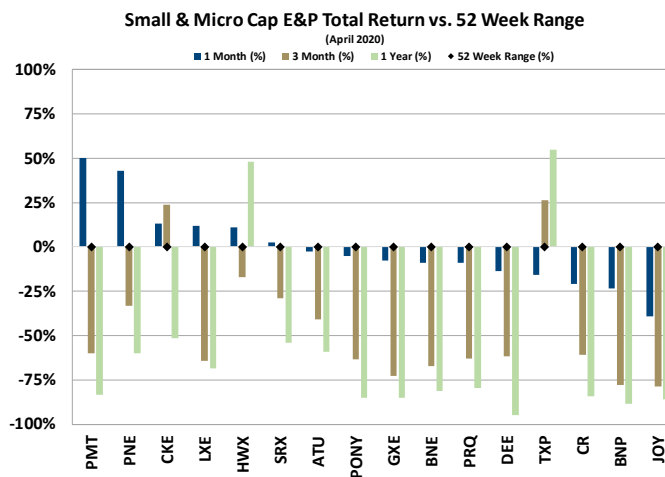
Figure 10. Junior E&P total return



Source: Stifel FirstEnergy, FactSet



Source: Stifel FirstEnergy, FactSet



Source: Stifel FirstEnergy, FactSet

Source: Stifel FirstEnergy, FactSet

Given relative movements in commodity price outlooks, it's no surprise that gas-levered entities screen with the best return of the past month.

Important Disclosures and Certifications

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that: (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe; and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein.

All relevant disclosures required by regulatory rules (including The Investment Industry Regulatory Organization of Canada) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department.

Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

The superscript(s) following the issuer name(s) mentioned in this report refers to the company-specific disclosures below. If there is no such superscript, then none of the disclosures are applicable and/or required.

Company-Specific Disclosures:

1. Stifel Canada or an affiliate has, within the previous 12 months, provided paid investment banking services to the issuer.
2. Stifel or an affiliate act as corporate broker and/or adviser to the Company.
3. Stifel Canada or an affiliate owns 1% or more of this issuer's securities.
4. An officer, director, or an employee of Stifel Canada or an affiliate is on the board of directors of the Company.
5. The analyst is related to an officer, director or advisory board member of this issuer.
6. The analyst has viewed the material operations of this issuer and the issuer paid all or a portion of the travel expenses associated with the analyst's site visit to its operations.
7. The analyst has viewed the material operations of this issuer.
8. The analyst and/or a member of their household has a position in this issuer's securities.
9. A member of the Board of Directors of this issuer is also a member of the Board of Directors of Stifel Canada.
10. The analyst owns this issuer's securities in a managed account but has no involvement in the investment decisions for that managed account.
11. Stifel Canada or an affiliate managed or co-managed a public offering of securities for the subject company in the past 12 months.
12. Stifel Canada or an affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.
13. Stifel Canada or an affiliate is a market maker or liquidity provider in the securities of the subject company.

Stifel Canada Analysts are compensated competitively based on several criteria. The Analyst compensation pool is comprised of several revenue sources, including secondary trading commissions, new issue commissions, investment banking fees, and directed payments from institutional clients.

The Stifel Canada research recommendation structure consists of the following ratings:

Buy: A Buy rating reflects 1) bullish conviction on the part of the analyst; and 2) typically a 15% or greater return to target.

Speculative Buy: A Speculative Buy rating reflects 1) bullish conviction on the part of the analyst accompanied by a substantially higher than normal risk, including the possibility of a binary outcome; and 2) typically a 30% or greater return to target.

Hold: A Hold rating reflects 1) a lack of bullish or bearish conviction on the part of the analyst; and 2) typically a return of 0 to 20%.

Reduce: A Reduce rating reflects 1) bearish conviction on the part of the analyst; and 2) typically a 5% or lower return to target.

Tender: Clients are advised to tender their shares to a takeover bid or similar offer.

Additional Disclosures

Please visit the Research Page at www.Stifel.com/Research for the current research disclosures.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

This report has been prepared by Stifel Nicolaus Canada Inc. ("Stifel Canada"), which is authorized and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC").

"Stifel", shall include our group affiliate companies: (i) Stifel, Nicolaus & Company, Incorporated ("SNC"); (ii) Keefe, Bruyette & Woods, Incorporated ("KBWI"), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("SEC") and members of the Financial Industry National Regulatory Authority ("FINRA"), respectively; (iii) Stifel Nicolaus Europe Limited ("SNEL"), which is authorized and regulated by the United Kingdom Financial Conduct Authority ("FCA") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("KBW Europe"); (iv) our MainFirst affiliates (collectively "MAINFIRST"): MainFirst Bank AG, which is regulated by the German Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"), MainFirst Schweiz AG, which is regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"), and MainFirst Securities US Inc. which is a U.S. broker-dealer registered with the SEC and a member of FINRA; and (v) Stifel Nicolaus Canada, Inc. ("Stifel Canada") which is authorized and regulated by Investment Industry Regulatory Organization of Canada (IIROC), and also trades under the names Stifel GMP & Stifel First Energy.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel Canada contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures:

Canada: Stifel Canada is a member of IIROC and a participant of the TSX, and TSX Venture Exchange. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8 Tel: (416) 367-8600.

United States: Research produced and distributed by Stifel Canada is distributed by Stifel Canada to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended.

UK and European Economic Area (EEA): This report is distributed in the EEA by Stifel Canada. Research produced by Stifel Canada is not intended for use by and should not be made available to non-professional clients.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy any relevant legal requirements in that country.

Additional Information is Available Upon Request

© 2020 Stifel Canada. This report is produced for the use of Stifel Canada customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel Canada.

Market indices & government bond yields											
Indices & bond yields				Energy equity indices							
	16-Apr	prior	chg	% chg				16-Apr	prior	chg	% chg
Dow Jones Industrial Avg	23,537.68	23,504.35	+33.33	0.1%	S&P 500 Energy index			235.59	245.34	-9.75	-4.0%
S&P 500	2,799.55	2,783.36	+16.19	0.6%	AMEX Oil index			621.67	653.56	-31.89	-4.9%
NASDAQ Composite	8,532.36	8,393.18	+139.19	1.7%	Philly OFS ("OSX") index			24.286	25.834	-1.548	-6.0%
S&P/TSX Composite	13,899.32	13,958.58	-59.26	-0.4%	S&P/TSX Capped Energy index			58.25	60.76	-2.51	-4.1%
10Y CDN gov't bond yield %	0.614	0.642	-0.028		S&P/TSX Oil & Gas Producers			441.17	456.73	-15.56	-3.4%
10Y U.S. gov't bond yield %	0.627	0.632	-0.005		S&P/TSX Oil & Gas Services			110.79	112.46	-1.67	-1.5%

Currencies												
	units	source	16-Apr	prior	chg	% chg	MTD avg	QTD avg	Q120 avg	Q419 avg	Q319 avg	Q219 avg
Canadian dollar cross	US\$	B	\$0.7100	\$0.7085	+\$0.0015	+0.2%	\$0.7119	\$0.7119	\$0.7450	\$0.7577	\$0.7574	\$0.7475
Euro cross	US\$	B	\$1.0840	\$1.0910	-\$0.0070	-0.6%	\$1.0890	\$1.0890	\$1.1029	\$1.1073	\$1.1117	\$1.1234
British pound sterling cross	US\$	B	\$1.2457	\$1.2518	-\$0.0061	-0.5%	\$1.2417	\$1.2417	\$1.2798	\$1.2877	\$1.2325	\$1.2853

Crude oil												
	units	source	16-Apr	prior	chg	% chg	MTD avg	QTD avg	Q120 avg	Q419 avg	Q319 avg	Q219 avg
Daily spot prices*												
WTI @Cushing	US\$/bbl	B	\$19.87	\$19.87	+\$0.00	+0.0%	\$23.02	\$23.02	\$45.57	\$56.85	\$56.40	\$59.89
Dated Brent	US\$/bbl	B	\$23.24	\$22.14	+\$1.10	+5.0%	\$25.65	\$25.65	\$50.59	\$62.61	\$61.88	\$68.53
WTI @Houston	US\$/bbl	B	\$21.62	\$21.62	+\$0.00	+0.0%	\$22.18	\$22.18	\$47.84	\$60.04	\$59.73	\$66.46
Bakken Light @Clearbrook MN	US\$/bbl	B	\$12.12	\$13.12	-\$1.00	-7.6%	\$11.20	\$11.20	\$42.10	\$55.84	\$55.66	\$58.84
WTI @Midland TX	US\$/bbl	B	\$18.62	\$18.87	-\$0.25	-1.3%	\$19.16	\$19.16	\$45.51	\$57.77	\$56.07	\$57.72
Maya @USGC	US\$/bbl	B	\$13.83	\$13.86	-\$0.03	-0.2%	\$15.14	\$15.14	\$40.76	\$52.99	\$56.54	\$62.03
Vasconia, Colombia	US\$/bbl	B	\$21.75	\$21.42	+\$0.33	+1.5%	\$23.26	\$23.26	\$45.39	\$58.43	\$59.16	\$65.54
Conde @Mont Belvieu TX	US\$/bbl	B	\$15.65	\$15.12	+\$0.53	+3.5%	\$15.12	\$15.12	\$38.95	\$49.79	\$44.24	\$50.54
WCS @ Hardisty	US\$/bbl	B	\$7.24	\$7.48	-\$0.24	-3.2%	\$6.81	\$6.81	\$28.00	\$37.94	\$43.88	\$47.39
Edmonton Mixed Sweet	US\$/bbl	B	\$8.64	\$10.98	-\$2.34	-21.3%	\$9.21	\$9.21	\$38.81	\$50.67	\$52.39	\$54.36
Syncrude SCO @Edmonton	US\$/bbl	B	\$9.79	\$12.23	-\$2.44	-20.0%	\$10.01	\$10.01	\$43.19	\$55.46	\$57.44	\$59.93
Conde @Edmonton	US\$/bbl	B	\$6.04	\$5.98	+\$0.06	+1.0%	\$8.29	\$8.29	\$44.74	\$56.66	\$51.66	\$55.20
Daily spot differentials*												
WTI-Dated Brent	US\$/bbl	B	-\$3.37	-\$2.27	-\$1.10	-48.5%	-\$2.62	-\$2.62	-\$5.03	-\$5.75	-\$5.48	-\$8.64
WTI-WTI@Houston	US\$/bbl	B	-\$1.75	-\$1.75	+\$0.00	+0.0%	\$0.84	\$0.84	-\$2.28	-\$3.18	-\$3.33	-\$6.57
WTI-Bakken Light	US\$/bbl	B	\$7.75	\$6.75	+\$1.00	+14.8%	\$11.83	\$11.83	\$3.47	\$1.01	\$0.74	\$1.06
WTI-Conde @MontBelvieu	US\$/bbl	B	\$4.23	\$4.75	-\$0.53	-11.1%	\$7.90	\$7.90	\$6.62	\$7.06	\$12.16	\$9.36
WTI-WCS	US\$/bbl	B	\$12.63	\$12.39	+\$0.24	+1.9%	\$16.22	\$16.22	\$17.57	\$18.92	\$12.52	\$12.50
WTI-Edmonton Mixed Sweet	US\$/bbl	B	\$11.23	\$8.89	+\$2.34	+26.3%	\$13.82	\$13.82	\$6.75	\$6.18	\$4.01	\$5.53
WTI-Syncrude Sweet SCO	US\$/bbl	B	\$10.08	\$7.64	+\$2.44	+31.9%	\$13.02	\$13.02	\$2.37	\$1.39	-\$1.04	-\$0.04
WTI-Conde @Edmonton	US\$/bbl	B	\$13.83	\$13.89	-\$0.06	-0.4%	\$14.74	\$14.74	\$0.83	\$0.19	\$4.74	\$4.69

Futures prices/differentials												
	units	source		Front month			12-month avg futures			2021 avg futures		
			month	16-Apr	prior	chg	16-Apr	prior	chg	16-Apr	prior	chg
WTI (@Cushing)	US\$/bbl	B,X	May20	\$19.87	\$19.87	+\$0.00	\$31.26	\$31.57	-\$0.31	\$35.53	\$35.70	-\$0.17
Brent	US\$/bbl	B,C	Jun20	\$27.82	\$27.69	+\$0.13	\$35.81	\$35.79	+\$0.02	\$39.42	\$39.36	+\$0.06
WTI @Houston	US\$/bbl	B,X	May20	\$19.01	\$18.82	+\$0.19	\$31.11	\$31.38	-\$0.27	\$36.45	\$36.15	+\$0.30
WTI-Bakken Light	US\$/bbl	B,N	May20	\$13.07	\$13.09	-\$0.02	\$7.20	\$7.45	-\$0.25	\$3.20	\$3.20	+\$0.00
WTI-WCS @Houston	US\$/bbl	B,A	May20	n.a.	\$10.92	n.a.	n.a.	\$7.16	n.a.	n.a.	\$5.73	n.a.
WTI-WCS @Hardisty AB	US\$/bbl	B,N	May20	\$17.31	\$17.31	+\$0.00	\$15.31	\$17.45	-\$2.14	\$16.00	\$16.95	-\$0.95
WTI-Edmonton Mixed Sweet	US\$/bbl	B,N	May20	\$14.77	\$14.77	+\$0.00	\$9.61	\$9.79	-\$0.18	\$7.00	\$7.50	-\$0.50
WTI-Syncrude Sweet SCO	US\$/bbl	B,N	Jun20	\$10.30	\$12.00	-\$1.70	\$5.10	\$5.45	-\$0.35	\$3.00	\$3.50	-\$0.50
WTI-Conde @Edmonton	US\$/bbl	B,N	May20	\$15.63	\$15.81	-\$0.18	\$9.57	\$9.86	-\$0.29	\$6.00	\$6.75	-\$0.75

Natural gas												
	units	source	16-Apr	prior	chg	% chg	MTD avg	QTD avg	Q120 avg	Q419 avg	Q319 avg	Q219 avg
Daily spot prices*												
Henry Hub	US\$/mmbtu	B	\$1.59	\$1.68	-\$0.09	-5.4%	\$1.69	\$1.69	\$1.91	\$2.40	\$2.38	\$2.56
New York Citygate	US\$/mmbtu	B	\$1.41	\$1.51	-\$0.10	-6.6%	\$1.43	\$1.43	\$1.74	\$2.24	\$1.91	\$2.23
Boston (Algonquin) Citygate	US\$/mmbtu	B	\$1.55	\$1.74	-\$0.19	-10.9%	\$1.60	\$1.60	\$2.16	\$3.59	\$2.22	\$2.43
Chicago Citygate	US\$/mmbtu	B	\$1.53	\$1.62	-\$0.09	-5.6%	\$1.61	\$1.61	\$1.74	\$2.20	\$2.10	\$2.32
Leidy @Transco Stn 505	US\$/mmbtu	B	\$1.31	\$1.39	-\$0.08	-5.8%	\$1.32	\$1.32	\$1.54	\$1.81	\$1.86	\$2.15
Rockies average	US\$/mmbtu	B	\$1.29	\$1.33	-\$0.04	-3.0%	\$1.36	\$1.36	\$1.67	\$2.22	\$1.88	\$1.76
Malin, OR	US\$/mmbtu	B	n.a.	\$1.49	n.a.	n.a.	\$1.50	\$1.50	\$1.83	\$2.68	\$2.10	\$1.94
PG&E Citygate	US\$/mmbtu	B	\$2.20	\$2.36	-\$0.16	-6.8%	\$2.33	\$2.33	\$2.68	\$3.29	\$2.77	\$3.05
UK NBP	US\$/mmbtu	B	\$1.78	\$1.75	+\$0.02	+1.3%	\$1.94	\$1.94	\$3.21	\$4.11	\$3.43	\$4.07
Netherlands TTF	US\$/mmbtu	B	\$2.26	\$2.19	+\$0.07	+3.0%	\$2.25	\$2.25	\$3.13	\$4.12	\$3.32	\$4.27
AECO daily	CS\$/mmbtu	B	\$1.86	\$1.92	-\$0.06	-3.3%	\$1.95	\$1.95	\$2.03	\$2.46	\$1.02	\$1.11
Station 2 ^	CS\$/mmbtu	E	\$1.89	\$1.93	-\$0.04	-1.9%	\$1.95	\$1.96	\$1.98	\$1.49	\$0.67	\$0.60
Empress ^	CS\$/mmbtu	E	\$1.92	\$1.96	-\$0.04	-2.1%	\$1.94	\$1.95	\$2.03	\$2.53	\$2.08	\$2.35
Huntingdon BC/Sumas WA ^	CS\$/mmbtu	E	\$2.06	\$2.05	+\$0.00	+0.1%	\$2.21	\$2.23	\$2.51	\$4.69	\$2.71	\$2.41
Dawn, ON ^	CS\$/mmbtu	E	\$2.21	\$2.26	-\$0.04	-2.0%	\$2.22	\$2.23	\$2.36	\$2.96	\$2.80	\$3.14
Daily spot differentials*												
Henry Hub - AECO daily	US\$/mmbtu	B	\$0.27	\$0.32	-\$0.05	-15.0%	\$0.30	\$0.30	\$0.40	\$0.53	\$1.61	\$1.73

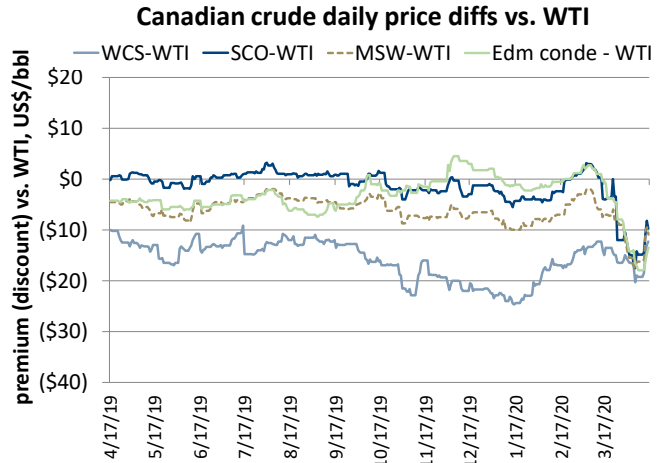
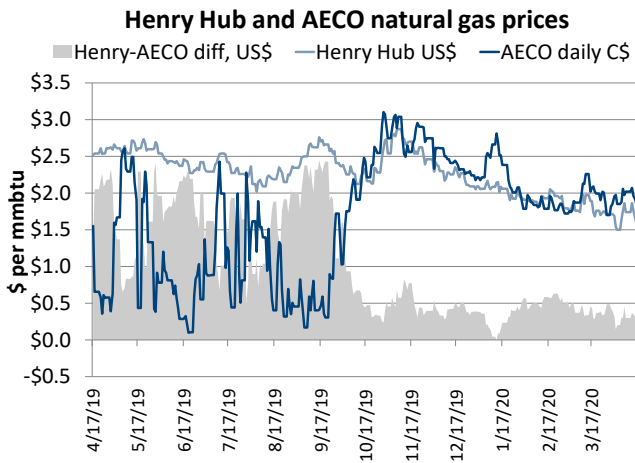
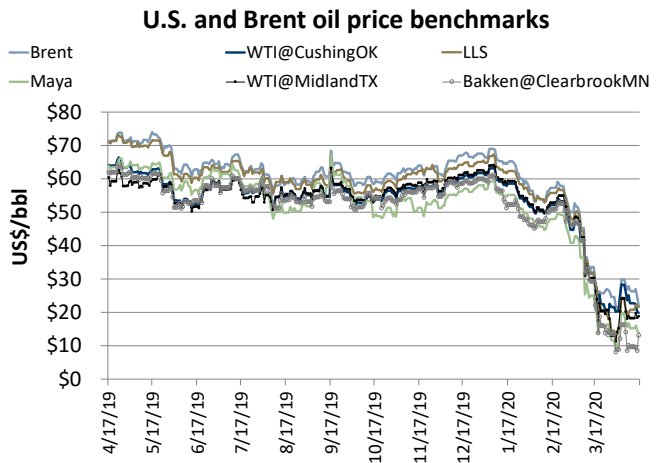
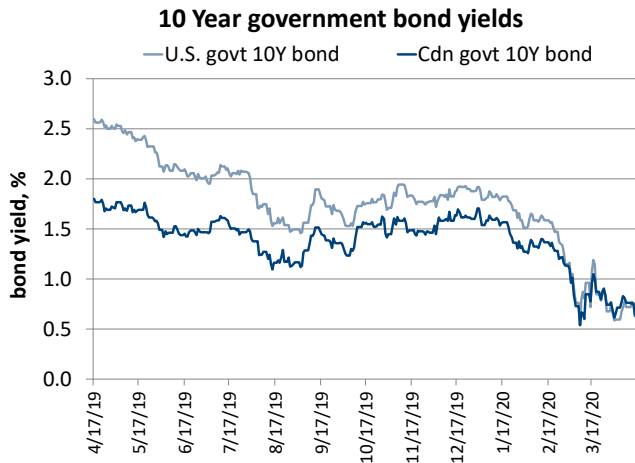
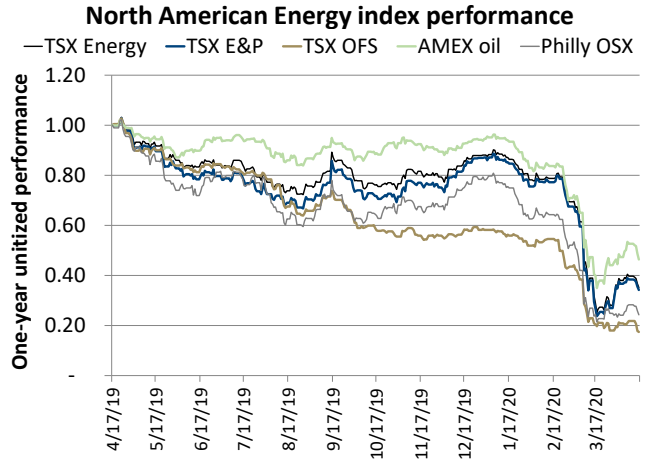
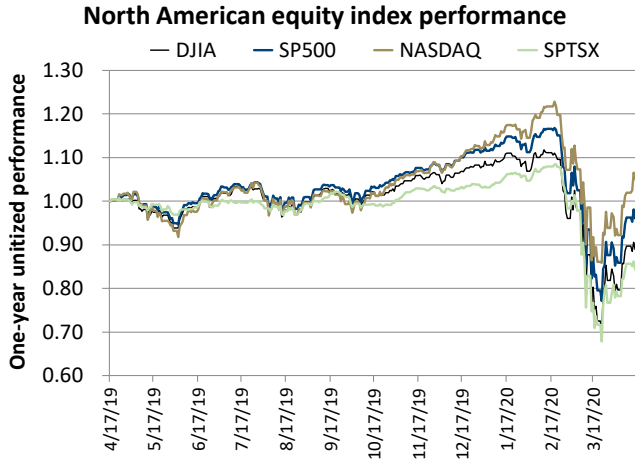
Futures prices/differentials												
	units	source		Front month			12-month avg futures			2021 avg futures		
			month	16-Apr	prior	chg	16-Apr	prior	chg	16-Apr	prior	chg
NYMEX Henry Hub	US\$/mmbtu	B,X	May20	\$1.686	\$1.598	+\$0.088	\$2.356	\$2.299	+\$0.056	\$2.604	\$2.593	+\$0.012
AECO month ahead (7A)	CS\$/mmbtu	B,E	May20	\$1.725	\$1.634	+\$0.091	\$2.236	\$2.165	+\$0.070	\$2.424	\$2.399	+\$0.026
NYMEX-AECO (7A) diff.	US\$/mmbtu	B,X,E	May20	\$0.465	\$0.438	+\$0.027	\$0.771	\$0.771	-\$0.000	\$0.802	\$0.801	+\$0.001
UK NBP	US\$/mmbtu	B,C	May20	\$1.950	\$1.880	+\$0.070	\$3.406	\$3.253	+\$0.153	\$4.490	\$4.133	+\$0.357

*spot prices reflect daily or day-ahead prices, and differ from monthly index prices and 'month-ahead' prices. ^indicates 'day-ahead' avg price set prior to 16-Apr, where noted.
Sources: Bloomberg ('B'), NYMEX ('X'), ICE ('C'), Net Energy ('N'), Enerdata/NGX ('E'), Argus ('A'), Stifel FirstEnergy

Prepared by Stifel Nicolaus Canada Inc.

Stifel does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

All relevant disclosures and certifications appear on the last three pages of this report.



Source for all chart data: Bloomberg

Important Disclosures and Certifications

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that: (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe; and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein.

All relevant disclosures required by regulatory rules (including The Investment Industry Regulatory Organization of Canada) and Stifel Canada's recommendation statistics and research dissemination policies can be obtained at www.Stifel.com/Research or by calling Stifel Canada's Compliance Department.

Stifel Canada will provide, upon request, a statement of its financial condition and a list of the names of its Directors and senior officers.

The superscript(s) following the issuer name(s) mentioned in this report refers to the company-specific disclosures below. If there is no such superscript, then none of the disclosures are applicable and/or required.

Company-Specific Disclosures:

1. Stifel Canada or an affiliate has, within the previous 12 months, provided paid investment banking services to the issuer.
2. Stifel or an affiliate act as corporate broker and/or a adviser to the Company.
3. Stifel Canada or an affiliate owns 1% or more of this issuer's securities.
4. An officer, director, or an employee of Stifel Canada or an affiliate is on the board of directors of the Company.
5. The analyst is related to an officer, director or advisory board member of this issuer.
6. The analyst has viewed the material operations of this issuer and the issuer paid all or a portion of the travel expenses associated with the analyst's site visit to its operations.
7. The analyst has viewed the material operations of this issuer.
8. The analyst and/or a member of their household has a position in this issuer's securities.
9. A member of the Board of Directors of this issuer is also a member of the Board of Directors of Stifel Canada.
10. The analyst owns this issuer's securities in a managed account but has no involvement in the investment decisions for that managed account.
11. Stifel Canada or an affiliate managed or co-managed a public offering of securities for the subject company in the past 12 months.
12. Stifel Canada or an affiliate expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.
13. Stifel Canada or an affiliate is a market maker or liquidity provider in the securities of the subject company.

Stifel Canada Analysts are compensated competitively based on several criteria. The Analyst compensation pool is comprised of several revenue sources, including secondary trading commissions, new issue commissions, investment banking fees, and directed payments from institutional clients.

The Stifel Canada research recommendation structure consists of the following ratings:

Buy: A Buy rating reflects 1) bullish conviction on the part of the analyst; and 2) typically a 15% or greater return to target.

Speculative Buy: A Speculative Buy rating reflects 1) bullish conviction on the part of the analyst accompanied by a substantially higher than normal risk, including the possibility of a binary outcome; and 2) typically a 30% or greater return to target.

Hold: A Hold rating reflects 1) a lack of bullish or bearish conviction on the part of the analyst; and 2) typically a return of 0 to 20%.

Reduce: A Reduce rating reflects 1) bearish conviction on the part of the analyst; and 2) typically a 5% or lower return to target.

Tender: Clients are advised to tender their shares to a takeover bid or similar offer.

Additional Disclosures

Please visit the Research Page at www.Stifel.com/Research for the current research disclosures.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

This report has been prepared by Stifel Nicolaus Canada Inc. ("Stifel Canada"), which is authorized and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC").

"Stifel", shall include our group affiliate companies: (i) Stifel, Nicolaus & Company, Incorporated ("SNC"); (ii) Keefe, Bruyette & Woods, Incorporated ("KBWI"), which are both U.S. broker-dealers registered with the United States Securities and Exchange Commission ("SEC") and members of the Financial Industry National Regulatory Authority ("FINRA"), respectively; (iii) Stifel Nicolaus Europe Limited ("SNEL"), which is authorized and regulated by the United Kingdom Financial Conduct Authority ("FCA") (FRN 190412) and is a member of the London Stock Exchange and also trades under the name Keefe, Bruyette & Woods Europe ("KBW Europe"); (iv) our MainFirst affiliates (collectively "MAINFIRST"): MainFirst Bank AG, which is regulated by the German Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; "BaFin"), MainFirst Schweiz AG, which is regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"), and MainFirst Securities US Inc. which is a U.S. broker-dealer registered with the SEC and a member of FINRA; and (v) Stifel Nicolaus Canada, Inc. ("Stifel Canada") which is authorized and regulated by Investment Industry Regulatory Organization of Canada (IIROC), and also trades under the names Stifel GMP & Stifel First Energy.

Registration of non-US Analysts: Any non-US research analyst employed by Stifel Canada contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures:

Canada: Stifel Canada is a member of IIROC and a participant of the TSX, and TSX Venture Exchange. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8 Tel: (416) 367-8600.

United States: Research produced and distributed by Stifel Canada is distributed by Stifel Canada to "Major US Institutional Investors" as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended.

UK and European Economic Area (EEA): This report is distributed in the EEA by Stifel Canada. Research produced by Stifel Canada is not intended for use by and should not be made available to non-professional clients.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction is carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The securities discussed in this report may not be available for sale in all jurisdictions and may have adverse tax implications for investors. Clients are advised to speak with their legal or tax advisor prior to making an investment decision.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy any relevant legal requirements in that country.

Additional Information is Available Upon Request

© 2020 Stifel Canada. This report is produced for the use of Stifel Canada customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel Canada.