

# Fission Uranium Corp.

(FCU-T: C\$0.70) *intraday*

February 20, 2018

David A. Talbot / (416) 350-3082

[dtalbot@viiicapital.com](mailto:dtalbot@viiicapital.com)

**BUY**

Target: C\$2.10 (from C\$1.90)

Joseph Fars, MBA, P.Geo / (416) 350-5090

[jfars@viiicapital.com](mailto:jfars@viiicapital.com)

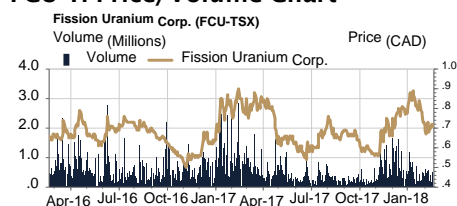
## 35% Resource Boost Paves Way for PFS Towards YE2018

FCU-T	New	Last
Rating	--	Buy
Target	C\$ 2.10 ▲	1.90
Projected Return	200% ▲	184%
Target/NAV multiple	--	0.80x
Corporate DCF	2.19 ▲	1.83
Cash, and Investments	--	0.06
Debt	--	0.00
Exploration & Unmodelled Resources	0.27 ▼	0.40
Total NAV	2.52 ▲	2.29
P/NAV	0.28x ▼	0.29x

Company Data				
Last Price				\$0.70
52-week Range	\$0.49 -			\$0.92
Market Cap (\$MM)				\$339.66
Enterprise Value (\$MM)				\$306.48
Shares Outstanding - Basic (MM)				485.2
Shares Outstanding - FD (MM)				533.1
Avg Volume - 100d (000 shares/day)				503.9
Cash (est.) (\$MM)				\$33.18
Debt(\$MM)				\$0.00
Working Capital est. (\$MM)				\$43.14
Forecast	2016A	2017A	2018E	LT
Spot (US\$/lb)	33	23	29	60
Term (US\$/lb)	44	32	34	60

All Figures in C\$ Unless Otherwise Noted  
Source: FactSet, Company Reports, Eight Capital

### FCU-T: Price/Volume Chart



Source: Factset

### Company Description

Fission Uranium is a Canadian uranium exploration company currently advancing its 100% owned PLS discovery on the western side of the Athabasca Basin. An updated resource estimate for the Triple R deposit totaled 87.76 MM lbs indicated at 1.82% U3O8 and 52.85 MM lbs of inferred resources grading 1.80% U3O8, including 14.7 MM lbs of High Grade in the R780E zone hosting an average grade core at 18.39% that hosts an average grade of 20.85% U3O8.

We reiterate our BUY recommendation for Fission & increase our target to C\$2.10 from C\$1.90/sh, based on a 0.8x multiple applied to a 10% DCF. A positive resource estimate update for 100%-owned Triple R Deposit at Paterson Lake in SK was released overnight. Resources grew 34% overall to 140.6 MM lbs U3O8, including an 8% increase in indicated resources and near doubling of inferred resources (Table 1). Ongoing conversion to indicated continued within the high grade core of the deposit. The core of R780E expanded modestly, although confidence builds with growth along strike, including the R1515W, R840W, and R1620E zones. The latter two of these were not captured in the 2015 PEA. The 140.6 MM lbs U3O8 estimate might be a little shy of expectations given the three years since the initial resource had been announced. We had expected Triple R to be in the 160-170 MM lb range by now. That said, this resource estimate should improve project economics, with upside potential looking very promising and the stock should ultimately perform well. This is still a very robust deposit as it is: 1) 62% indicated; 2) high grade at 1.8% U3O8; 3) incorporating three new high grade zones; 4) centered around an ultra-high grade zone; 5) 75% open pittable; 6) aided by 63,000 oz of gold by-product credits; and 7) demonstrating ample growth potential.

**Third largest undeveloped deposit in the Athabasca.** Fission traded at an EV/lb of \$2.27 with upside baked into its market premium. Post-estimate we assume that FCU trades at \$1.70/lb, in line with uranium producers, but the market hasn't had time to catch up. This is a mid- to long-term project and the current uranium market shouldn't overly impact economics (although it may mute a positive response by the market). More impressive is that the Triple R deposit is the second largest undeveloped U3O8 deposit in the Athabasca Basin. It is the most shallow and basement hosted, two key attributes that should aid in its mid-term development potential. While not close to mining infrastructure, past economic studies suggest Triple R can support the initial Capex required.

**Added ~4.5 yrs to LOM.** We increase our lbs mined assumption from 107 to 133 MM lbs, extending high volume OP production by two years (at over 13 MM lbs pa) and lower volume UG production by 2.5 years (at <4 MM lbs pa). We reduce our additional resource EV/lb forecast (upside) from US\$4 to US\$3.50/lb for lbs not in the DCF as those get pushed further into the future.

**Likely positive for project economics.** Indicated grades were flat, but inferred grades rose nicely based on the inclusion of higher-grade satellite deposits. Indicated OP potential grew from 62 MM to 81 MM lbs indicated and 19 MM to 22 MM lbs inferred (Table 2). This should help defer costly underground development for a couple of years. There also appears to be some conversion from UG to OP. Furthermore, relative cost of the berm required to mine via OP should decline.

**R780E zone remains core.** It now totals 104 MM lbs for 74% of the deposit. Its high grade zone hosts 45% of all uranium at 18.9% U3O8 for 63 MM lbs, and gold at 2.69 g/t Au for 13,200 ounces. Further, high grade zones make up the bulk of resource at 54% of indicated and 27% of inferred.

**New discoveries make a difference.** R840W is relatively new and at 14.6 MM lbs totals almost half of the ~35 MM lbs of new growth. We believe both R840W and the newest R1515W discovery will continue to grow and both are on land.

.....continued on page 2.

Only 7% of indicated and 39% of inferred resources appear to be hosted within land based zones. This is partly a function of a lack of exploration along trend.

**Focus shifts to development.** A PFS is due around Q4/18, and 23 of 31 holes will be geotechnical or help improve deposit confidence. Holes will target high grade areas within the R780E zone, test the geotechnical character of bedrock and overburden, re-drill hydrogeological holes, complete Phase 2 metallurgical studies, complete environmental baseline studies and social engagement.

**Exploration looks at R1515W Zone.** This new 90m long zone is high-grade, near surface, land based, and hosts multiple stacked zones. It largely resembles the 780E Zone, demonstrates strong continuity up and down dip, and remains wide open in all directions.

**Significant growth potential remains.** We continue to project all-in potential of 170 MM lbs and currently assume ~30 MM lbs of upside potential. This likely won't grow much this year as focus shifts to development. For now only eight holes will test R1515W. Given that the R1515W zone is looking much like R780E (that comprises 74% of the total deposit), we are relatively confident that exploration (when it resumes being a focus) will lead to further discoveries and be accretive to resources. Athabasca deposits typically occur in clusters. This has been demonstrated time and again along the Paterson Lake South trend.

**Table 1: 2015 PEA Resource vs. Feb 20, 2018 Updated Resource**

		PEA - 2015 M&I			Updated Resource - Feb 2018 M&I			
		Tonnes (kt)	Grade (% U308)	lbs (000's)	Tonnes (kt)	Grade (% U308)	lbs (000's)	Delta (%)
Open Pit	100%	1,149	2.45%	62,104	1,335	2.24%	66,061	6%
Underground	100%	863	1.00%	19,007	852	1.16%	21,700	14%
		<b>2,012</b>	<b>1.83%</b>	<b>81,111</b>	<b>2,187</b>	<b>1.82%</b>	<b>87,761</b>	<b>8%</b>

		PEA - 2015 Inferred			Updated Resource - Feb 2018 Inferred			
		Tonnes (kt)	Grade (% U308)	lbs (000's)	Tonnes (kt)	Grade (% U308)	lbs (000's)	Delta (%)
Open Pit	100%	74	8.61%	14,060	101	6.58%	14,652	4%
Underground	100%	711	0.84%	13,097	1233	1.41%	38,198	192%
		<b>785</b>	<b>1.57%</b>	<b>27,157</b>	<b>1,334</b>	<b>1.80%</b>	<b>52,850</b>	<b>95%</b>

**Resources grew 34% overall to 140.6 MM lbs U308, including an 8% increase in indicated resources and near doubling of inferred resources.**

Source: Company Reports, Eight Capital

**Table 2: 2015 PEA Resource vs. Feb 20, 2018 Updated Resource with focus on zones and classification**

		PEA - 2015			Updated Resource - Feb 2018			
Classification	Zone	Tonnes (kt)	Grade (% U308)	lbs (000's)	Tonnes (kt)	Grade (% U308)	lbs (000's)	Delta (%)
Indicated Open Pit	R780E_HG	107	17.98	42,565	115	18.39	46,118	8%
	R780E_MZ	952	0.82	17,130	1,116	0.78	17,226	1%
	R000E	89	1.23	2,409	104	1.31	2,716	13%
<b>Indicated Open Pit Total</b>		<b>1,148</b>	<b>2.45</b>	<b>62,104</b>	<b>1,335</b>	<b>2.24</b>	<b>66,060</b>	<b>6%</b>
Indicated Underground	R780E_HG	5	23.27	2,514	4	23.03	2,128	-15%
	R780E_MZ	645	0.85	12,082	578	0.94	11,978	-1%
	R780E_OTHER	197	0.85	3,699	175	0.98	3,776	2%
	R000E	16	2.07	712	10	2.5	573	-20%
	R840W (NEW)	-	-	-	84	1.76	3,245	
<b>Indicated Open Pit Total</b>		<b>863</b>	<b>1.0</b>	<b>19,007</b>	<b>851</b>	<b>1.16</b>	<b>21,700</b>	<b>14%</b>
Inferred Open Pit	R780E_HG	23	25.27	12,845	29	20.48	13,293	3%
	R780E_MZ	23	1.62	802	24	1.49	788	-2%
	R780E_OTHER	5	0.31	31	11	0.26	64	106%
	HALO	21	0.54	248	33	0.42	307	24%
	R000E	3	2	133	3	2.88	200	50%
<b>Inferred Open Pit Total</b>		<b>75</b>	<b>8.61</b>	<b>14,059</b>	<b>100</b>	<b>6.58</b>	<b>14,652</b>	<b>4%</b>
Inferred Underground	R780E_HG	2	22.77	1,053	3	23.43	1,417	35%
	R780E_MZ	35	0.93	723	55	1.24	1,518	110%
	R780E_OTHER	547	0.78	9,433	429	0.91	8,617	-9%
	HALO	120	0.52	1,386	94	0.59	1,229	-11%
	R000E	5	4	501	5	4.42	523	4%
	R1620E (NEW)	-	-	-	94	3.08	6,386	
	R840W (NEW)	-	-	-	254	2.02	11,321	
	R1515W (NEW)	-	-	-	297	1.1	7,187	
<b>Inferred Underground Total</b>		<b>709</b>	<b>0.84</b>	<b>13,096</b>	<b>1,231</b>	<b>1.41</b>	<b>38,198</b>	<b>192%</b>

Source: Company Reports, Eight Capital

**High grade zones make up bulk of resource at 54% of indicated and 27% of inferred.**

Fission Uranium Corp.					
Rating	BUY	C\$ Target	\$2.10	Shares O/S (MM)	485.2
		C\$ Close	\$0.70	Fully Diluted Shares (MM)	533.1
David A. Talbot, Director, Mining Research		12-month return	200%	Basic Mkt. Capitalization (\$MM)	C\$ 339.7
<a href="mailto:dtalbot@eightcapital.com">dtalbot@eightcapital.com</a>				Enterprise Value (\$MM)	C\$ 306.5

PRODUCTION ESTIMATES (000 lbs)					
Year-end December	2024E	2025E	2026E	2027E	2028E
PLS	0	13,254	16,092	13,226	14,339
<b>TOTAL</b>	<b>0</b>	<b>13,254</b>	<b>16,092</b>	<b>13,226</b>	<b>14,339</b>

TOTAL CASH COST ESTIMATES (excl. non-cash) (US\$/lb)					
Year-end December	2024E	2025E	2026E	2027E	2028E
PLS	0.0	11.5	11.8	15.3	13.1
<b>Wt. Avg. Total Cash Costs</b>	<b>0.0</b>	<b>11.5</b>	<b>11.8</b>	<b>15.3</b>	<b>13.1</b>

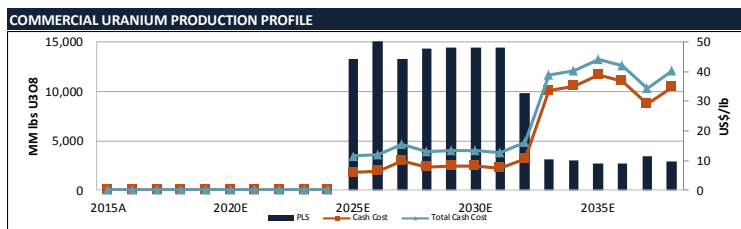
URANIUM RESERVES & RESOURCES				
	Tonnes	Grade	Cont U3O8 (MM lbs)	
	MM t	% U3O8	100% Basis	FCU Share
<b>Proven and Probable Reserves</b>				
*The company currently has no Mineral Reserves				
<b>Total Reserves</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>

Indicated Open Pit				
	MM t	% U3O8	100% Basis	FCU Share
R780E_HG	100%	115.0	18.4	46.1
R780E_MZ	100%	1,116.0	0.8	17.2
R000E	100%	104.0	1.3	2.7
<b>Indicated Open Pit Total</b>	<b>1,335.00</b>	<b>2.24</b>	<b>66.06</b>	<b>66.06</b>
<b>Indicated Underground</b>				
R780E_HG	100%	4.0	23.0	2.1
R780E_MZ	100%	578.0	0.9	12.0
R780E_OTHER	100%	175.0	1.0	3.8
R000E	100%	10.0	2.5	0.6
R840W	100%	84.0	1.8	3.2
<b>Indicated UG Total</b>	<b>851</b>	<b>1.16</b>	<b>22</b>	<b>22</b>
<b>TOTAL INDICATED RESOURCES</b>	<b>2,186</b>	<b>1.82%</b>	<b>87.76</b>	<b>87.76</b>

Inferred Open Pit				
	MM t	% U3O8	100% Basis	FCU Share
R780E_HG	100%	29	20.48	13.29
R780E_MZ	100%	24	1.49	0.79
R780E_OTHER	100%	11	0.26	0.06
HALO	100%	33	0.42	0.31
R000E	100%	3	2.88	0.20
<b>Inferred Open Pit Total</b>	<b>100.00</b>	<b>6.58</b>	<b>14.65</b>	<b>14.65</b>
<b>Inferred Underground</b>				
R780E_HG	100%	3	23.43	1.4
R780E_MZ	100%	55	1.24	1.5
R780E_OTHER	100%	429	0.91	8.6
HALO	100%	94	0.59	1.2
R000E	100%	5	4.42	0.5
R1620E	100%	94	3.08	6.4
R840W	100%	254	2.02	11.3
R1515W	100%	297	1.1	7.2
<b>Inferred UG Total</b>	<b>1,231.0</b>	<b>1.41%</b>	<b>38.2</b>	<b>38.2</b>
<b>TOTAL INDICATED AND INFERRERED RESOURCE</b>	<b>3,521.0</b>	<b>1.81%</b>	<b>140.61</b>	<b>140.61</b>

NET ASSET VALUE (C\$) - 10%				
	NAV (\$ MM)	/Share	% NAV	
<b>Assets:</b>				
PLS (100%)		2.61	103%	
Un-Mined Resources	132.8	0.27	#REF!	
<b>Balance Sheet &amp; Other Items:</b>				
Cash & Investments	28.4	0.06	2%	
Debt	0.0	0.00	0%	
Exploration, G&A, and Other	-201.2	-0.41	-16%	
<b>Total</b>	<b>-40</b>	<b>2.52</b>	<b>100%</b>	
<b>Eight Capital DCF Target Multiple</b>		<b>0.80x</b>		
<b>Share Price Target</b>		<b>2.10</b>		

Long Term Uranium Price Assumption (US\$/lb)					
Target (C\$/share)	30	40	50	60	70
0% Discount	1.45	2.74	3.95	5.15	6.36
5% Discount	1.07	1.79	2.48	3.17	3.85
10% Discount	0.83	1.26	1.68	2.09	2.50
15% Discount	0.69	0.95	1.21	1.47	1.72



BALANCE SHEET (C\$ MM)				
Year-end December	2016A	2017A	2018E	Q3/17
<b>Assets:</b>				
Cash & Cash Equivalents	50.25	28.43	10.00	33.18
Other Current Assets	0.31	10.68	10.68	10.68
<b>Current Assets</b>	<b>50.56</b>	<b>39.11</b>	<b>20.69</b>	<b>43.87</b>
Mineral Properties	276.73	283.99	283.99	283.99
Other non-current Assets	10.42	6.19	6.19	6.19
<b>Total Assets</b>	<b>337.71</b>	<b>329.29</b>	<b>310.87</b>	<b>334.05</b>
<b>Liabilities:</b>				
Current Liabilities	0.48	0.73	0.73	0.73
Long-term Debt				0.00
Other non-current Liabilities	0.00	-1.97	-13.97	1.03
<b>Total Liabilities</b>	<b>0.48</b>	<b>-1.25</b>	<b>-13.25</b>	<b>1.75</b>
Capital Stock	436.00	413.00	413.00	412.86
Retained Earnings	(100.7)	(82.5)	(88.9)	(80.6)
<b>Total Shareholder Equity</b>	<b>335.27</b>	<b>330.54</b>	<b>324.12</b>	<b>332.29</b>

INCOME STATEMENT (C\$ MM)				
Year-end December	2016A	2017A	2018E	2019E
Total Revenue:	0.7	0.7	0.7	0.7
% Uranium	0%	0%	0%	0%
% Other	100%	100%	100%	100%
Operating Costs	0.0	0.0	0.0	0.0
G&A	7.3	2.1	1.9	1.9
Exploration	0.0	0.0	0.0	0.0
Depreciation	0.1	0.0	0.0	0.0
Other	10.1	6.0	5.2	5.2
<b>EBITDA</b>	<b>(16.7)</b>	<b>(7.4)</b>	<b>(6.4)</b>	<b>(6.4)</b>
<b>EBIT</b>	<b>(16.8)</b>	<b>(7.4)</b>	<b>(6.4)</b>	<b>(6.4)</b>
Interest Expense	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>(16.8)</b>	<b>(7.4)</b>	<b>(6.4)</b>	<b>(6.4)</b>
Taxes	3.0	0.3	0.0	0.0
Equity Earnings	-0.3	0.0	0.0	0.0
Other	1	1	0	0
<b>Net Income (Reported)</b>	<b>(13.4)</b>	<b>(6.0)</b>	<b>(6.4)</b>	<b>(6.4)</b>
<b>Net Income (Adjusted)</b>	<b>(13.4)</b>	<b>(6.0)</b>	<b>(6.4)</b>	<b>(6.4)</b>
<b>EPS (Reported) \$/sh</b>	<b>(0.03)</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>EPS (Adjusted) \$/sh</b>	<b>(0.03)</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.01)</b>
Average Shares (MM)	428.1	484.3	485.4	485.4

CASH FLOW STATEMENT (C\$ MM)				
Year-end December	2016A	2017A	2018E	2019E
Net Income (Reported)	(13.4)	(6.0)	(6.4)	(6.4)
Depreciation	(0.1)	0.0	0.0	0.0
Working Capital Changes	0.2	(0.1)	0.0	0.0
Other	2.2	0.4	0.0	0.0
<b>Operating Cash Flow</b>	<b>(11.1)</b>	<b>(5.6)</b>	<b>(6.4)</b>	<b>(6.4)</b>
<b>Operating Cash Flow/sh (\$/sh)</b>	<b>(0.03)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>
Capital Expenditures	(10.0)	0.0	0.0	0.0
Acquisitions	(0.0)	0.0	0.0	0.0
Other	(31.4)	(16.5)	(12.0)	0.0
<b>Investing Cash Flow</b>	<b>(41.4)</b>	<b>(16.5)</b>	<b>(12.0)</b>	<b>0.0</b>
Common Share Dividends	0.0	0.0	0.0	0.0
Equity financing	77.9	0.3	0.0	0.0
Debt Issue	0.0	0.0	0.0	0.0
Debt Repayment	0.0	0.0	0.0	0.0
Other	0.1	0.2	0.0	0.0
<b>Financing Cash Flow</b>	<b>78.0</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Net Change in Cash</b>	<b>25.5</b>	<b>(21.8)</b>	<b>(18.4)</b>	<b>(6.4)</b>
<b>Cash Balance</b>	<b>50.2</b>	<b>28.4</b>	<b>10.0</b>	<b>3.6</b>
<b>Free Cash Flow</b>	<b>(21.1)</b>	<b>(5.6)</b>	<b>(6.4)</b>	<b>(6.4)</b>

VALUATION DATA				
Year-end December	2016A	2017A	2018E	2019E
P/E	--	--	--	--
P/CF	--	--	--	--
EV/EBITDA	--	--	--	--
FCF Yield	--	--	--	--

INPUT PRICES				
	2016A	2017A	2018E	2019E
Eight Capital Spot Uranium (US\$/l)	33	23	29	35
Uranium Realized Price (US\$/lb)	0.0	0.0	0.0	0.0
Exchange (US\$/C\$)	0.76	0.77	0.80	0.80

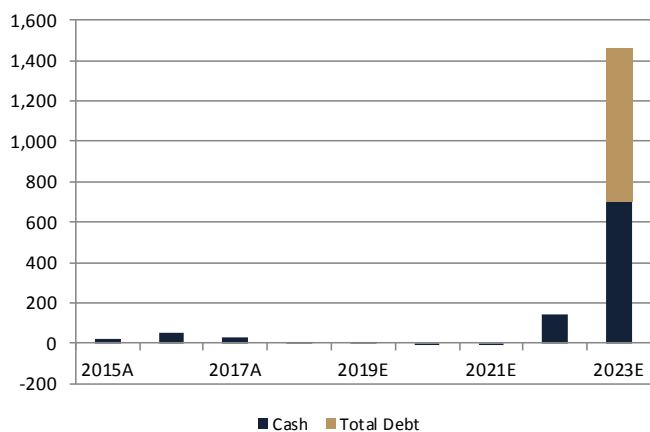
### Fission Uranium Corp.

#### Net Asset Valuation at Eight Capital Price Deck (C\$)

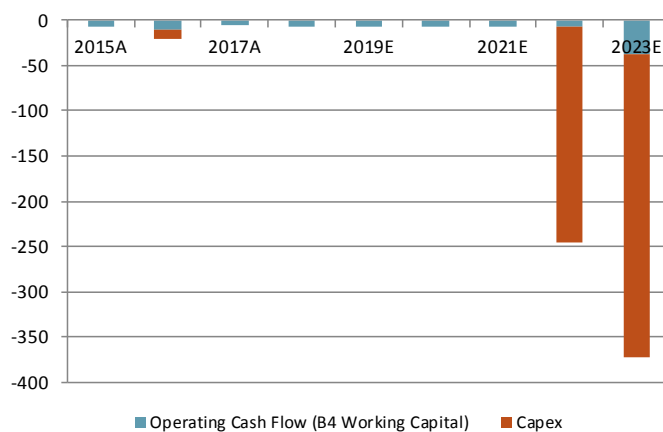
	Target Setting NAV			NAV at Various Discount Rates					
	Discount Rate	(\$MM)	(\$/Share)	0% (\$MM)	0% (\$/Share)	5% (\$MM)	5% (\$/Share)	15% (\$MM)	15% (\$/Share)
<b>Uranium Assets</b>									
PLS	10%	1,265	2.61	4,481	9.23	2,351	4.84	686	1.41
<b>Total Uranium Assets</b>		<b>1,265</b>	<b>2.61</b>	<b>4,481</b>	<b>9.23</b>	<b>2,351</b>	<b>4.84</b>	<b>686</b>	<b>1.41</b>
<b>Other Assets &amp; Expenses</b>									
Cash		28	0.06	28	0.06	28	0.06	28	0.06
Investments		0	0.00	0	0.00	0	0.00	0	0.00
Debt		0	0.00	0	0.00	0	0.00	0	0.00
Resources		133	0.27	133	0.27	133	0.27	133	0.27
Exploration, G&A, Other	10%	(201)	(0.41)	1,556	-3.21	(632)	-1.30	2	0.00
<b>Net Other Assets</b>		<b>(40)</b>	<b>(0.08)</b>	<b>1,395</b>	<b>-2.87</b>	<b>(471)</b>	<b>-0.97</b>	<b>164</b>	<b>0.34</b>
<b>Net Asset Value</b>		<b>1,225</b>	<b>2.52</b>	<b>3,086</b>	<b>6.36</b>	<b>1,880</b>	<b>3.87</b>	<b>849</b>	<b>1.75</b>
<b>Share Price</b>			<b>0.70</b>		<b>0.70</b>		<b>0.70</b>		<b>0.70</b>
<b>P/NAV</b>			<b>0.28x</b>		<b>0.11x</b>		<b>0.18x</b>		<b>0.40x</b>

#### Financial Forecasts at Eight Capital Price Deck (MM C\$)

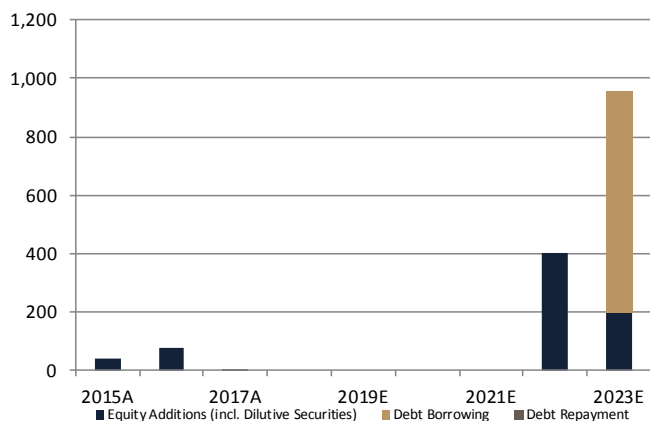
##### Cash and Debt



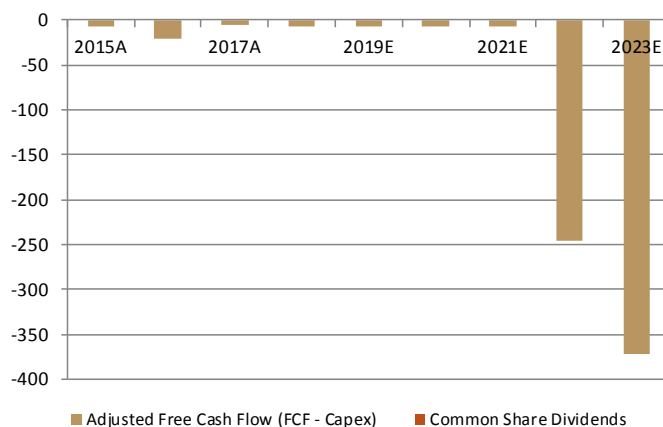
##### Operating Cash Flow and Capital Spending



##### Changes in Debt and Equity



##### Free Cash Flow and Common Share Dividends



Source: Company reports, FactSet, Eight Capital

## Disclosures and Disclaimers

This research report (as defined in IIROC Rule 3400) is issued and approved for distribution in Canada by Eight Capital, a member of the Investment Industry Regulatory Organization of Canada, and the Canadian Investor Protection Fund. Eight Capital accepts responsibility for the dissemination of this report. Non-client recipients of the research report should not rely solely on the investment recommendations contained herein and should consult their own professional advisors. Eight Capital will not treat any non-client receiving this report as its own. Institutional clients who require additional information on securities discussed in this report should contact a qualified sales person at Eight Capital.

Eight Capital accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein.

This research report is being provided only to institutional clients of Eight Capital and is intended for informational purposes only. This research report is not an offer to sell or the solicitation of an offer to buy any of the securities discussed herein. The information contained in this research report is prepared from publicly available information, internally developed data and other sources believed to be reliable, but has not been independently verified by Eight Capital. Eight Capital makes no representations or warranties with respect to the accuracy, correctness or completeness of such information and they should not be relied upon as such.

All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this research report and are subject to change without notice. Eight Capital does not accept any obligation to update, modify or amend this research report or to otherwise notify a recipient of this research report in the event that any estimates, opinions and recommendations contained herein change or subsequently become inaccurate or if this research report is subsequently withdrawn.

Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Nothing in this research report constitutes legal, accounting or tax advice. Investors should consult with his or her independent legal or tax adviser in this regard.

**US Residents:** This report is provided to US residents under a chaperoning arrangement pursuant to Rule 15a-6 of the U.S. Securities Exchange Act of 1934 (the "Rule"). Eight Capital is a non-U.S. broker-dealer for the purposes of the Rule and is not registered with the Financial Industry Regulatory Authority, the Securities and Exchange Commission or any state securities regulatory authority. This research report is intended only for persons who are a "major U.S. institutional investor" which is defined as a U.S. institutional investor or any other entity which owns or manages at least \$100 million in financial assets. This research report is not a solicitation to sell the securities discussed herein; however, should you choose to make an unsolicited transaction in such securities we may refer you to our chaperone. Please be advised that Eight Capital may earn a commission in connection with transactions through our chaperone and, in certain cases, our chaperone may give up trading to Eight Capital for execution.

Eight Capital Corp. is a U.S. registered broker-dealer, a member of FINRA and an affiliate of Eight Capital. Eight Capital Corp. accepts responsibility for the contents of this research report, subject to the terms and limitations as set out above. U.S. residents seeking to effect a transaction in any security discussed herein should contact Eight Capital Corp. directly. Research reports published by Eight Capital are intended for distribution in the United States only to Major Institutional Investors (as such term is defined in SEC 15a-6 and Section 15 of the Securities Exchange Act of 1934, as amended) and are not intended for the use of any person or entity.

## Dissemination of Research

Eight Capital's Research is distributed electronically through email, website (password protected) or hard copy. Dissemination of initial research reports and any subsequent research reports is made simultaneously to a pre-determined list of clients of Eight Capital's Institutional Sales and Trading representatives.

## Conflicts of Interest

Eight Capital has written procedures designed to identify and manage potential conflicts of interest that arise in connection with its research and other businesses. The compensation of each Research Analyst/Associate involved in the preparation of this research report is based competitively upon several criteria, including performance assessment criteria, the quality of research and the value of the services they provide to clients of Eight Capital. The Research Analyst compensation pool includes revenues from several sources, including sales, trading and investment banking. Research analysts and associates do not receive compensation based upon revenues from specific investment banking transactions.

Eight Capital generally restricts any research analyst/associate and any member of his or her household from executing trades in the securities of a company that such research analyst covers, with limited exception.

Should this research report provide web addresses of, or contain hyperlinks to, third party web sites, Eight Capital has not reviewed the contents of such links and takes no responsibility whatsoever for the contents of such web sites. Web

addresses and/or hyperlinks are provided solely for the recipient's convenience and information, and the content of third party web sites is not in any way incorporated into this research report. Recipients who choose to access such web addresses or use such hyperlinks do so at their own risk.

Unless publications are specifically marked as research publications of Eight Capital, the views expressed therein (including recommendations) are those of the author and, if applicable, any named issuer or Investment Dealer alone, and have not been approved by, nor are they necessarily those of, Eight Capital. Eight Capital expressly disclaims any and all liability for the content of any publication that is not expressly marked as a research publication of Eight Capital.

Forward-looking statements are based on current expectations, estimates, forecasts and projections based on beliefs and assumptions made by the author. These statements involve risks and uncertainties and are not guarantees of future performance or results and no assurance can be given that these estimates and expectations will prove to have been correct, and actual outcomes and results may differ materially from what is expressed, implied or projected in such forward-looking statements.

### Research Analyst Certification

Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- the views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- his/her compensation is not and will not be directly related to the specific recommendations or views expressed by the Research Analyst in this research report;
- they have not affected a trade in a security of any class of the issuer whether directly or indirectly through derivatives within the 30-day period prior to the publication of this research report;
- they have not distributed or discussed this Research Report to/with the issuer, investment banking at Eight Capital or any other third party except for the sole purpose of verifying factual information; and
- they are unaware of any other potential conflicts of interest.

The Research Analyst involved in the preparation of this research report does not have any authority whatsoever (actual, implied or apparent) to act on behalf of any issuer mentioned in this research report.

### Informal Comment

Informal Comments are analysts' informal comments that are posted on the Eight Capital website. They generally pertain to news flow and do not contain any change in analysts' opinion, estimates, rating or target price. Any rating(s) and target price(s) in an Informal Comment are from prior formal published research reports. A link is provided in any Informal Comment to all company specific disclosures and analyst specific disclosures for companies under coverage, as well as general disclosures and disclaimers.

### Presentations

Presentations do not include disclosures that are specific to analysts and specific to companies under coverage. Please refer to formal published research reports for company specific disclosures, analyst specific disclosures and valuation methodologies used in determining target prices for companies under coverage.

### Idea of Interest

Eight Capital has not initiated formal continuing coverage of Idea of Interest companies. Eight Capital from time to time publishes reports on Idea of Interest securities for which it does not and may not choose to provide formal continuous research coverage. All opinions and estimates contained in an Idea of Interest report are subject to change without notice and are provided in good faith but without the legal responsibility that would accompany formal continuous research coverage. The companies may have recommendations as per our regular rating system and may have target prices; see Explanation of Recommendations for details. Any recommendations, target prices and/or comments expire 30 days from the published date, and once expired should no longer be relied upon as no assurance can be given as to the accuracy or relevance going forward. Eight Capital does not accept any obligation to update, modify or amend any Idea of Interest report or to otherwise notify a recipient of an Idea of Interest report in the event that any estimates, opinions and recommendations contained in such report change or subsequently become inaccurate. Eight Capital's clients should consult their investment advisor as to the appropriateness of an investment in the securities mentioned.

**IIROC Rule 3400 Disclosures:** A link ([here](#)) is provided in all research reports delivered by electronic means to disclosures required under IIROC Rule 3400, including disclosures for sector research reports covering six or more issuers.

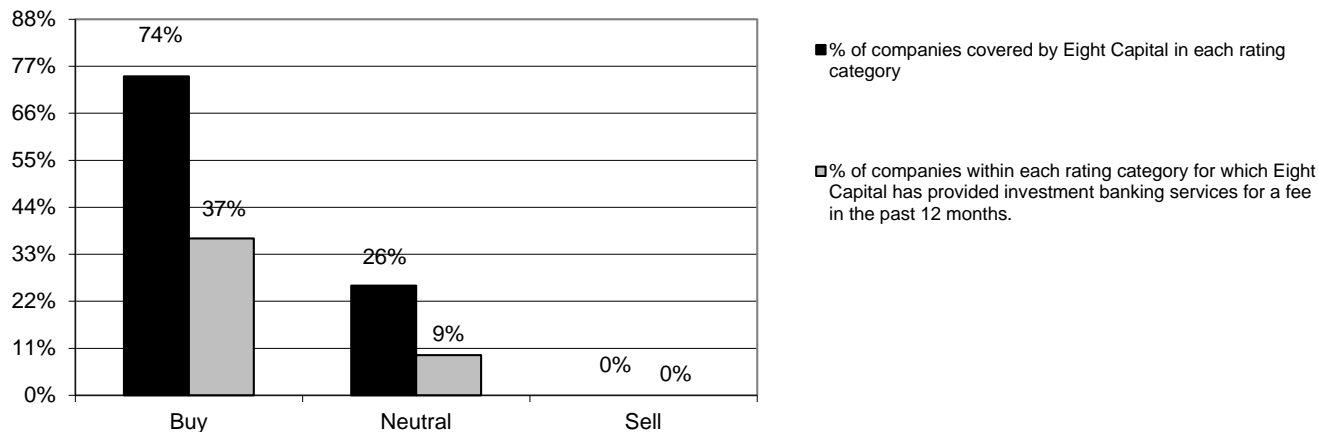
### Explanation of Recommendations

**Eight Capital target:** Represents the price target as required under IIROC Rule 3400. Valuation methodologies used in determining the price target(s) for the issuer(s) mentioned in this research report are contained in current and/or prior research. Eight Capital target N/A: a price target and/or NAV are not available if the analyst deems there are limited financial metrics upon which to base a reasonable valuation.

**Recommendations:** **BUY:** Total returns expected to be materially better than the overall market with higher return expectations needed for more risky securities. **NEUTRAL:** Total returns expected to be in line with the overall market. **SELL:** Total returns expected to be materially lower than the overall market. **TENDER:** The analyst recommends tendering shares to a formal tender offer. **UNDER REVIEW:** The analyst will place the rating and/or target price Under Review when there is a significant material event with further information pending; and/or when the analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

**SECURITY ABBREVIATIONS:** NVS (non-voting shares); RVS (restricted voting shares); RS (restricted shares); SVS (subordinate voting shares).

**Eight Capital Equity Research Ratings:**



*As at December 31, 2017*  
*Source: Eight Capital*