



**Fundamental**  
Research Corp.  
*Investment Analysis for Intelligent Investors*

# Analysts' Ideas of the Week

FRC's Top Picks Portfolio Up 5.9% vs 2.4% for the TSXV Last Week

July 27, 2020

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## FRC Top Picks

This section summarizes the performance of our Top Picks. These Top Picks, selected from our coverage universe, are companies we have the highest conviction on. Our Top Picks have historically helped us finish strong in various third-party analyst performance rankings.

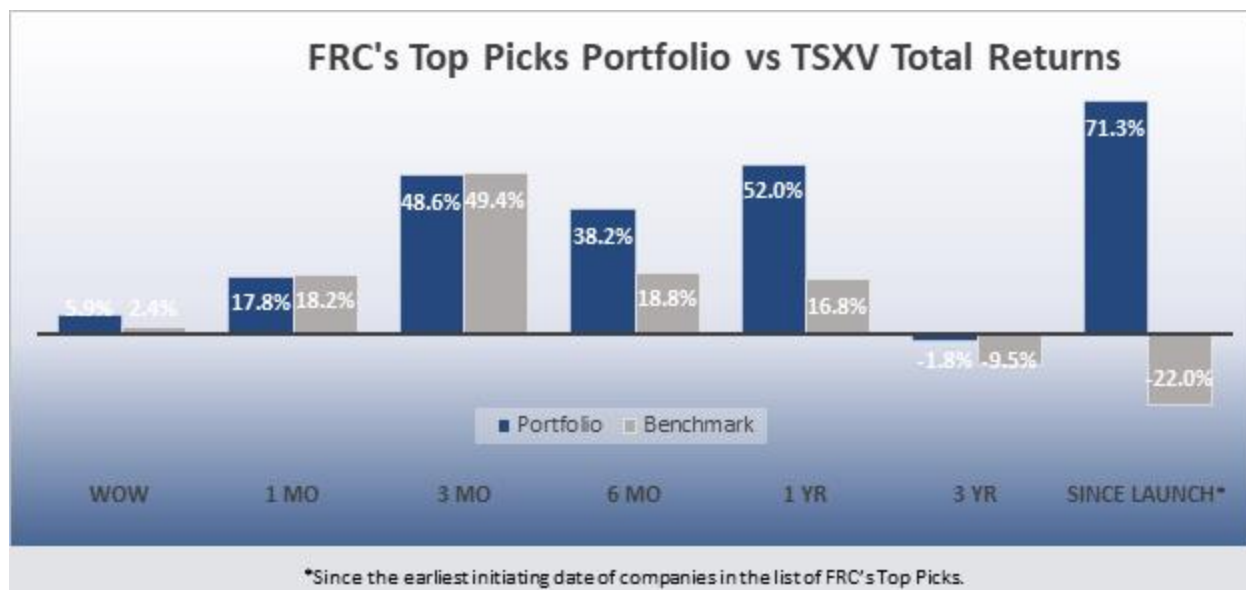
The following table shows last week's top five performers, which included four junior resource companies (two gold and two silver) and one technology company. **The top performer, Vista Gold Corp. (TSX: VGZ), was up 30.6% WoW.** Our latest update on VGZ can be viewed [here](#).

### Top Five Performers Last Week

Top 5 Weekly Performers	WoW Returns
Vista Gold Corp. (TSX:VGZ)	30.6%
Kootenay Silver Inc. (TSXV:KTN)	29.4%
Monarch Gold Corporation (TSX:MQR)	23.3%
Siyata Mobile Inc. (TSXV:SIM)	22.2%
GR Silver Mining (TSXV:GRSL)	19.7%

\* Past performance is not indicative of future performance

**Overall, our portfolio (equally weighted) was up 5.9% in the past week versus the 2.4% for the benchmark (TSXV).** Over the longer-term (six months, one-year, three-year, and since launch), our portfolio has significantly outperformed the TSXV as shown below.



### Top Five Performers Last Week

Total Return	WoW	1 Mo	3 Mo	6 Mo	1 Yr	3 Yr	Since Launch*
Mining	10.6%	29.2%	71.3%	58.1%	76.7%	21.8%	108.9%
Cannabis	-3.6%	-11.4%	-7.6%	12.5%	N/A	N/A	28.0%
Technology	0.6%	1.7%	11.5%	-34.1%	-64.8%	-59.0%	39.4%
Special Situations	-2.7%	0.0%	7.9%	-4.1%	18.0%	-6.3%	28.3%
<b>Portfolio (Total)</b>	<b>5.9%</b>	<b>17.8%</b>	<b>48.6%</b>	<b>38.2%</b>	<b>52.0%</b>	<b>-1.8%</b>	<b>71.3%</b>
<b>Benchmark<sup>2</sup> (Total)</b>	<b>2.4%</b>	<b>18.2%</b>	<b>49.4%</b>	<b>18.8%</b>	<b>16.8%</b>	<b>-9.5%</b>	<b>-22.0%</b>
Portfolio (Annualized)	-	-	-	-	52.0%	-0.6%	8.5%
Benchmark <sup>2</sup> (Annualized)	-	-	-	-	16.8%	-3.3%	-3.7%

1. Since the earliest initiating date of companies in the list of Top Picks

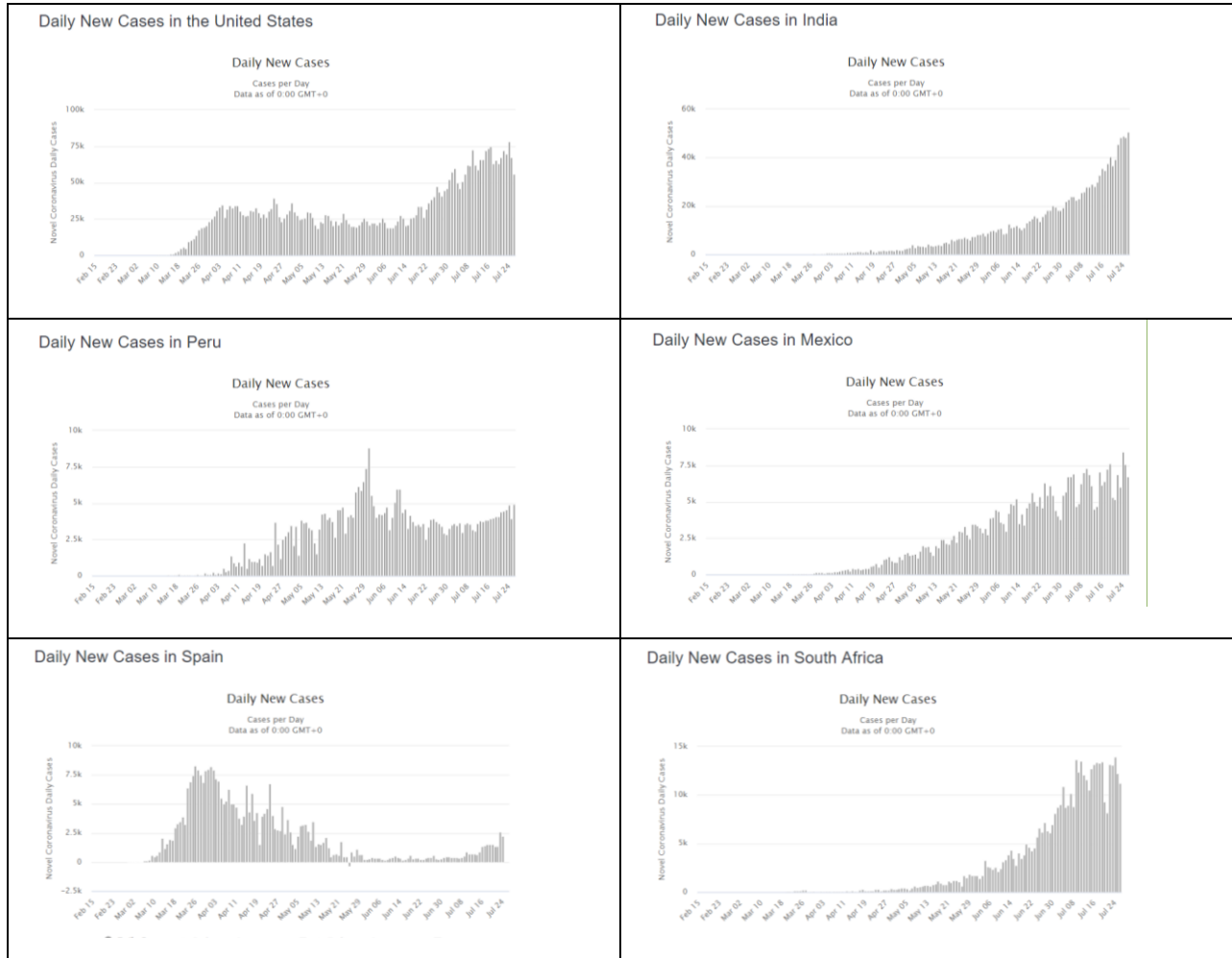
2. Green (red) indicates FRC's picks outperformed (underperformed) the benchmark.

Our complete list of top picks (updated weekly) can be viewed [here](#).

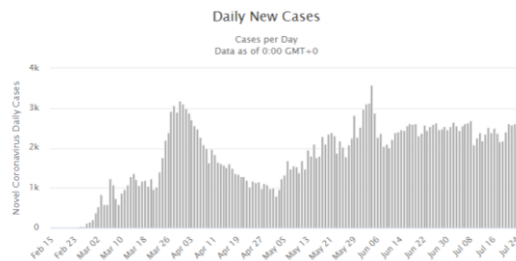
### [Weekly Mining Commentary](#)

U.S., India, Mexico, and South Africa continued to hit a record high number of daily new cases of the coronavirus last week. Peru and Spain are currently experiencing an early

stage second wave, as shown in the charts below. The second wave in Iran seems to be persistent with no signs of decline in new cases.

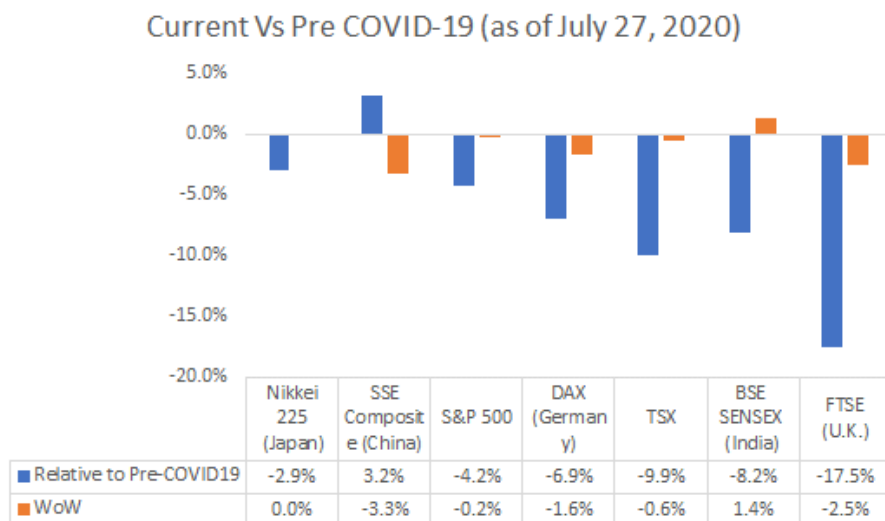


Daily New Cases in Iran



Source: <https://www.worldometers.info/coronavirus/>

We had mentioned last week that we were cautious on both base metal prices, and equity valuations, as some of the key leading indicators were pointing to a slowdown. Our concerns were justified as most of the global equity markets reported losses in the past week, after reporting multiple consecutive weekly gains.

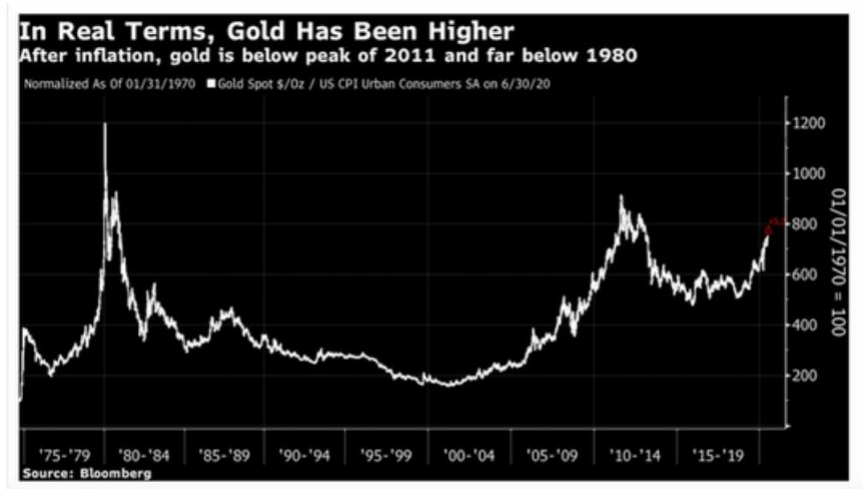


Source: FRC / Various

Copper prices declined for a second consecutive week. Prices of all other mainstream metals reported gains or remained flat. Gold surpassed its previous all-time high of US\$1,924 per oz in 2011, and is currently trading at \$1,936. Silver was the best performer last week, after reporting a 23% gain to \$24.25 per oz.



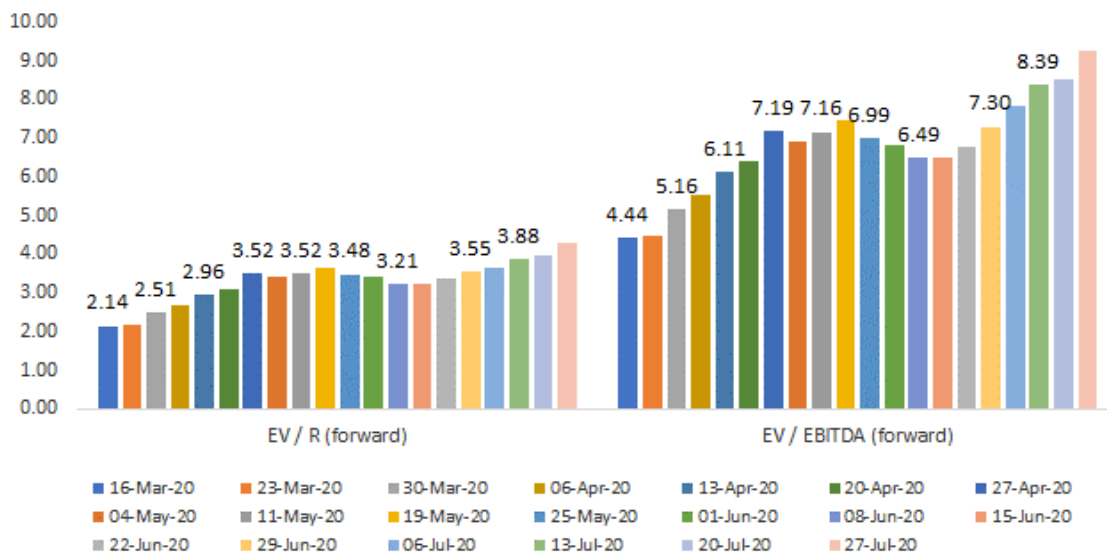
In real terms, the current price of gold is below the peak in 2011.



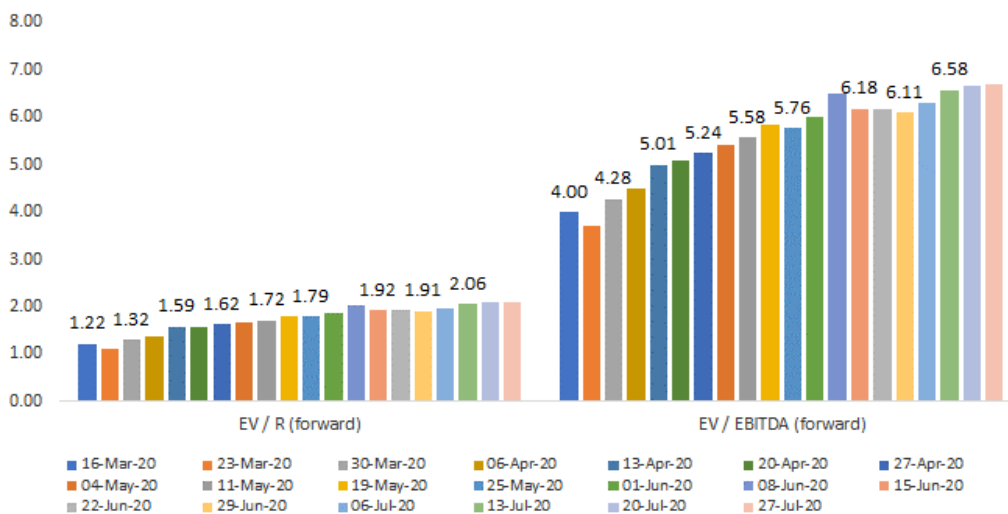
Source: @acemaxx, @JohnAuthers; [Read full article](#)

As a result of the strong gains in gold prices, **equity valuations** of gold producers continued to rise (as shown in the charts below), while base metals producers' valuations stayed flat WoW.

Gold Producers



Base Metal Producers



Source: S&P Capital IQ & FRC

Gold Producers	13-Jul-20		20-Jul-20		27-Jul-20	
	EV / R (forward)	EV / EBITDA (forward)	EV / R (forward)	EV / EBITDA (forward)	EV / R (forward)	EV / EBITDA (forward)
1 Barrick	5.08	10.50	5.25	10.46	5.48	10.68
2 Newmont	4.80	10.84	4.80	10.89	4.90	11.11
3 Polyus	6.36	9.26	6.11	8.93	7.54	10.97
4 Agnico Eagle	5.90	13.09	5.81	13.18	6.21	14.21
5 AngloGold	3.61	8.63	3.80	8.52	4.26	9.49
6 Kinross Gold	2.82	5.90	2.88	5.93	3.10	6.34
7 Gold Fields	3.03	5.96	3.26	6.52	3.73	7.45
8 Sibanye	1.15	3.42	1.21	3.65	1.39	4.20
9 Yamana	4.16	7.60	4.18	7.65	4.48	8.36
10 B2Gold	3.73	5.92	3.83	6.05	4.05	6.22
11 Alamos	5.49	11.32	5.50	11.24	5.78	11.96
12 Harmony	2.08	12.07	2.37	13.46	2.58	14.53
13 Eldorado Gold	2.29	4.55	2.31	4.53	2.54	4.92
<b>Average (excl outliers)</b>	<b>3.88</b>	<b>8.39</b>	<b>3.95</b>	<b>8.54</b>	<b>4.31</b>	<b>9.26</b>
Min	1.15	3.42	1.21	3.65	1.39	4.20
Max	6.36	13.09	6.11	13.46	7.54	14.53

Base Metal Producers	13-Jul-20		20-Jul-20		27-Jul-20	
	EV / R (forward)	EV / EBITDA (forward)	EV / R (forward)	EV / EBITDA (forward)	EV / R (forward)	EV / EBITDA (forward)
1 BHP Group	3.23	6.14	3.37	6.42	3.36	6.52
2 Rio Tinto	2.69	5.73	2.82	6.03	2.85	6.02
3 South32	1.11	5.85	1.14	6.06	1.17	6.22
4 Glencore	0.34	6.96	0.35	7.03	0.36	7.22
5 Anglo American	1.70	5.32	1.69	5.30	1.75	5.48
6 Teck Resources	1.70	6.49	1.72	6.49	1.77	6.48
7 First Quantum	3.65	9.55	3.60	9.36	3.46	8.88
<b>Average (excl outliers)</b>	<b>2.06</b>	<b>6.58</b>	<b>2.10</b>	<b>6.67</b>	<b>2.10</b>	<b>6.69</b>
Min	0.34	5.32	0.35	5.30	0.36	5.48
Max	3.65	9.55	3.60	9.36	3.46	8.88

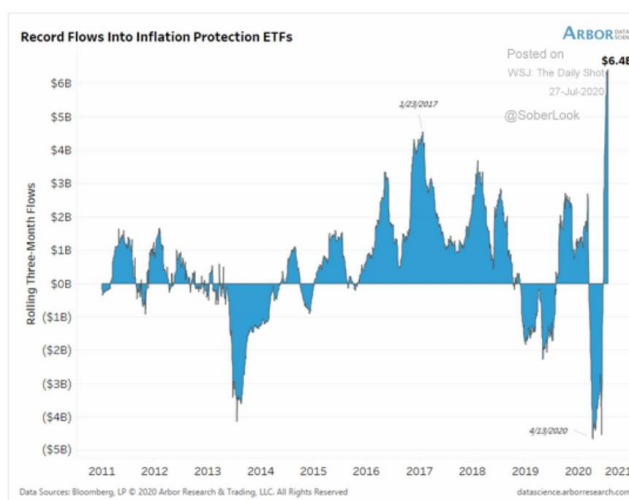
Source: S&P Capital IQ & FRC

We **remain cautious on base metal prices** due to the rising probability of a pull back in business activities from a prolonged impact of COVID-19. However, we are raising our forecasts for both gold and silver prices from US\$1,700 to US\$1,750 per oz, and from US\$17.5 to US\$19 per oz, respectively, in 2020.

	Current Price	FRC Forecasts	
		2020E	Long-Term (2024+)
Gold (US\$/oz)	\$1,936	\$1,750	\$1,425
Silver (US\$/oz)	\$24.25	\$19.00	\$18.00
Copper (US\$/lb)	\$2.91	\$2.70	\$3.00
Zinc (US\$/lb)	\$1.00	\$1.00	\$1.10
Nickel (US\$/lb)	\$6.02	\$6.00	\$8.00

Source: FRC

We believe the primary near-term drivers of gold and silver prices will be a continued increase in money supply, and an expected increase in inflation, amid a low interest rate environment. The following chart shows the record flow of investment into inflation protected ETFs.



Source: [Arbor Research & Trading](#)

We recently completed a study to forecast both near-term and long-term gold prices using two proprietary models we developed in house. The report will be published this week, and can be viewed on our website.

In the following section, we review companies that announced key developments in the past week.



## Mining / Exploration

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<a href="#"><u>Golden Minerals Corp.</u></a>	NYSE: AUMN	US\$0.45	US\$0.95	July 22, 2020
<b>PR Content</b> Completed a US\$8.6 million equity financing.	<b>FRC Opinion</b> <b>Positive</b> – These funds will be used to advance its Velardeña and Rodeo properties (80 km apart) in Mexico into production. AUMN’s primary focus is to advance Rodeo into production in 2021; its CAPEX budget is just US\$1.5 million. As per two recently completed PEAs on Velardeña and Rodeo, the combined Before Tax – Net Present Value (“BT-NPV”) at 8% is estimated to be US\$100 million versus AUMN’s current market capitalization of US\$66 million.			

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<a href="#"><u>Kerr Mines Inc.</u></a>	TSX: KER	\$0.18	\$0.40	July 27,2020
<b>PR Content</b> Announced an agreement to acquire a 3% gross production royalty on its flagship Copperstone gold project (Arizona) for US\$2.5 million (to be paid by March 2021). This will bring down the total outstanding royalty from 6% to 3%.	<b>FRC Opinion</b> <b>Positive</b> – This deal reflects management’s conviction on the Copperstone project. The royalty buyback is conditional on arranging project financing to recommence production. Kerr recently announced a bought deal financing for \$5 million at \$0.14 per unit. Each unit will consist of one common share and one-half warrant (exercise price of \$0.22 for a period of 24 months). Shares are currently trading at \$0.18 per share; therefore, we believe the financing will go through.			

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<a href="#"><u>Sonoro Metals Corp.</u></a>	TSXV: SMO	\$0.24	\$0.32	July 23,2020
<b>PR Content</b>		<b>FRC Opinion</b>		
Announced a non-brokered private placement of \$5 million at \$0.22 per unit. Each unit will consist of a common share and one full warrant (\$0.30 per share for three years).		<b>Positive</b> – We were pleased with this press release. As mentioned in our <a href="#"><u>latest update</u></a> , the company is in a very tight cash position and needs to raise capital imminently. Sonoro’s immediate plan is to conduct a 6,000 m / 20-hole drill program to test the potential of high-grade mineralization at depth on its Cerro Caliche project in Mexico. Premier Gold’s (TSX: PG) Mercedes underground mine, located 9 km southeast of Cerro Caliche, is in the same mineralized epithermal system that hosts the Cerro Caliche mineralized area. SMO is planning to drill 50,000 m in 2020, and 2021, to potentially expand the 2019 maiden resource estimate of 201 Koz gold at 0.55 g/t AuEq (gold equivalent).		

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<a href="#"><u>MGX Mineral Inc.</u></a>	CSE: XMG	\$0.09	\$0.75	July 24, 2020
<b>PR Content</b>		<b>FRC Opinion</b>		
Initial gold assays from the Heino gold deposit (B.C.) returned very high values of up to 6 opt gold and 32 opt silver from bulk samples.		<b>Positive</b> - The assay results indicate potential for high grade mineralization on this recently acquired project, which is also a historic producer. MGX is planning a 3,000 m drill program. Results of this program will be used to complete a resource estimate.		

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<a href="#"><u>Golden Arrow Resources Corporation</u></a>	TSXV: GRG	\$0.14	N/A	July 21 2020
<b>PR Content</b>		<b>FRC Opinion</b>		
<p>Acquired the Rosales copper project in Chile via staking. GRG has identified several target areas, including near-surface copper stockwork mineralization. Initial sampling has returned high values of up to 5.74% Cu.</p>		<p><b>Neutral</b> – Although it is too early to comment on the project’s potential, the high sample values are encouraging. GRG’s portfolio includes early stage precious-metal projects in Paraguay, Chile and Argentina. The company holds 945,580 shares of SSR Mining (TSX: SSRM), which are currently valued at \$31 million. GRG’s market capitalization is only \$22 million; implying that the market is not even fully valuing its liquid assets.</p>		

### Technology and Special Situations

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<a href="#"><u>CIBT Education Group Inc.</u></a>	TSX: MBA	\$0.47	\$1.22	July 23, 2020
<b>PR Content</b>		<b>FRC Opinion</b>		
<p>Reported Q3 (ended May 31, 2020) revenue of \$14 million, down 15% YoY. However, net income was up 278% YoY to \$1 million (EPS: \$0.02), due to a gain in the fair value of its properties.</p>		<p><b>Positive</b> – Q3 revenue beat our expectations. CIBT’s education revenue in Q3 (80% of total) was \$11 million, down 10% YoY, but significantly better than our 25% YoY decline forecast. Rental revenue was down 41% YoY to \$2 million, which was higher than our 35% YoY decline forecast. We will be publishing an update report shortly.</p>		

**Cannabis**

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<a href="#"><u>Namaste Technologies Inc.</u></a>	TSXV: N	\$0.32	\$0.70	July 24, 2020
<b>PR Content</b>		<b>FRC Opinion</b>		
<p>Reported Q2-2020 financials (quarter ended May 31), with net revenue of \$6.9 million – a year-over-year increase of 73% and a quarter-over-quarter increase of 31%. Growth in revenue was driven by CannMart, whose Q2 revenue was \$2.36 million, a year-over-year increase of 1,491%.</p>		<p><b>Positive</b> – For 2020, we are currently forecasting revenue to be \$21.73 million. We believe the company is on track to meet, and exceed, our 2020 revenue forecast. We will provide an update report shortly.</p>		

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<a href="#"><u>Indiva Limited</u></a>	TSXV: NDVA	\$0.27	\$0.59	July 21, 2020
<b>PR Content</b>		<b>FRC Opinion</b>		
<p>Entered into an amended license agreement with Bhang (CSE: BHNG). The joint venture between Indiva and Bhang will be terminated in exchange for a new agreement where Bhang will receive a net royalty (percentage undisclosed) on Bhang products manufactured and sold by Indiva. Indiva believes the new agreement will be mutually beneficial to both parties.</p>		<p><b>Neutral</b> – Given that the net royalty percentage is undisclosed, we are unable to comment on if the new agreement is beneficial for Indiva. Furthermore, we are not privy to when the new agreement will close. We will wait for the company’s Q3-2020 financials before commenting further on this new agreement.</p>		

## Weekly Cannabis Commentary

### Cannabis Industry Performance

Company	YTD	1-Week	1-Year
Aphria Inc.	17%	9%	9%
Aurora Cannabis Inc.	-57%	-10%	-86%
Canopy Growth Corp.	-13%	-5%	-49%
Cronos Group Inc.	-9%	-3%	-53%
Tilray Inc.	-56%	2%	-82%
HEXO Corp.	-57%	-3%	-84%
Organigram Holdings Inc.	-41%	-13%	-77%
The Supreme Cannabis Co., Inc.	-63%	-10%	-83%
<b>AVERAGE</b>	<b>-35%</b>	<b>-4%</b>	<b>-63%</b>
<b>MIN</b>	<b>-63%</b>	<b>-13%</b>	<b>-86%</b>
<b>MAX</b>	<b>17%</b>	<b>9%</b>	<b>9%</b>

Indexes	YTD	1-Week	1-Year
<b>HMMJ</b>	<b>-17%</b>	<b>-2%</b>	<b>-56%</b>
<b>MCAN</b>	<b>-11%</b>	<b>-4%</b>	<b>NM</b>
<b>XCAN</b>	<b>NM</b>	<b>-2%</b>	<b>NM</b>

Note: MCAN and XCAN was launched on November 18, 2019 and January 20, 2020, respectively.

Source: TMX Money, FRC

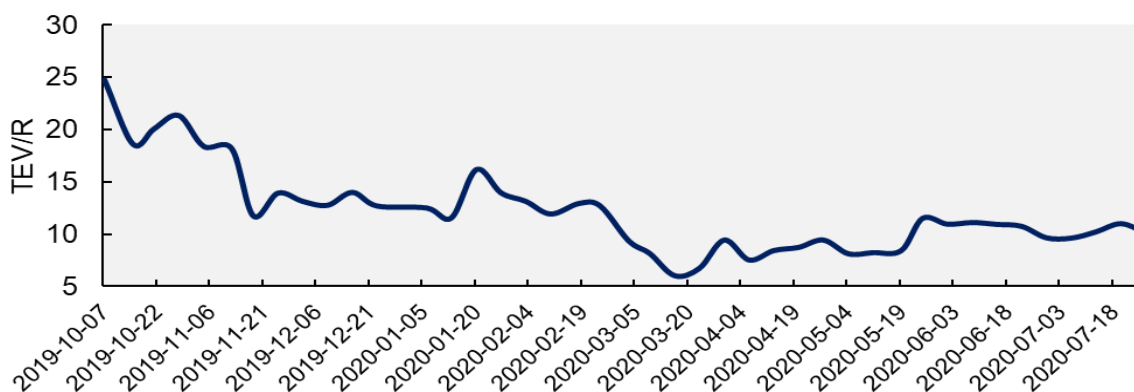
Over the past week, the Horizons Marijuana Life Sciences ETF (TSX: HMMJ / “HMMJ”), the Standard & Poor’s/MX International Cannabis Index (“MCAN”), and the Standard & Poor’s/TSX Cannabis Index (“XCAN”) generated a return of -2%, -4%, and -2%, respectively.

The best performer on the list of companies that we track is Aphria Inc. (TSX: APHA). **Today, Cantor Fitzgerald analyst Pablo Zuanic raised his price target on Aphria ahead of earnings (which are due on July 29).** As a result, shares of Aphria are trading up 12% today. We believe it is likely that Aphria will beat top-line estimates, given that (1) Canada’s recreational cannabis market has been expanding amid the COVID-19 outbreak and (2) majors such as Canopy Growth have been losing market share in the Canadian recreational cannabis market (Source: Canopy Earnings Call) to other players. As shown below, Aphria is currently trading at a discount (based on EV/R) compared to peers.

## Valuation of Select Canadian LPs

The following shows the average Enterprise Value to Revenue (“EV/R”) of the cannabis companies that we track.

**Average EV/R (October 2019 – July 2020)**



Source: S&P Capital IQ, FRC

Company	Ticker	July 20, 2020		July 27, 2020	
		TEV/Revenue	TEV/EBITDA	TEV/Revenue	TEV/EBITDA
Aphria Inc.	TSX: APHA	3.8	43.9	3.8	43.5
Aurora Cannabis Inc.	TSX: ACB	7.1	NM	6.4	NM
Canopy Growth Corp.	TSX: WEED	18.8	NM	17.9	NM
Cronos Group Inc.	TSX: CRON	35.2	NM	30.4	NM
Tilray Inc.	NASDAQ: TLRY	6.9	NM	6.7	NM
HEXO Corp.	NYSE: HEXO	6.9	NM	6.6	NM
Organigram Holdings Inc.	TSX: OGI	4.7	NM	4.8	NM
The Supreme Cannabis Co., Inc.	TSX: FIRE	4.4	NM	4.2	NM
<b>AVERAGE</b>		11.0	NM	10.1	NM
<b>MEDIAN</b>		6.9	NM	6.5	NM
<b>MINIMUM</b>		3.8	NM	3.8	NM
<b>MAXIMUM</b>		35.2	NM	30.4	NM

Source: S&P Capital IQ, FRC

The average EV/R, as of July 27, 2020, is 10.1x – a deterioration from 11.0x a week ago. The average EV/R, from October 7, 2019 to date, is 12.1x. As a number of companies are not EBITDA positive, we have refrained from tracking the average Enterprise Value to EBITDA (“EV/EBITDA”).

This week, we discuss highly anticipated retail cannabis sales in Canada.

**Canada’s Recreational Cannabis Market**

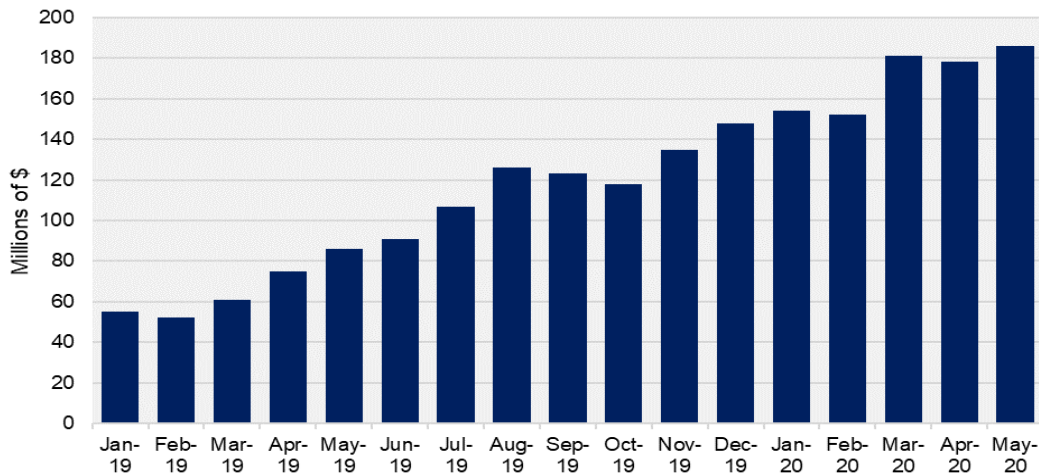
Canadian total retail sales were \$41.79 billion in May 2020, a month-over-month (“MoM”) increase of 19%. Over the same period, Canadian retail cannabis sales were \$186 million, a MoM increase of 4%. **Although it may appear that retail cannabis sales underperformed total retail sales, readers should note that total retail sales deteriorated significantly in March - April, whereas retail cannabis sales remained resilient.** This is shown below.

	Jan. 2020	Feb. 2020	March 2020	April 2020	May 2020
<b>Total Retail Sales</b> <i>MoM Increase</i>	0.4%	0.3%	-10.0%	-26.4%	18.7%
<b>Retail Cannabis Sales</b> <i>MoM Increase</i>	4.3%	-2.7%	19.2%	-0.6%	4.2%

Source: Statistics Canada, FRC

The following shows retail cannabis sales from January 2019 to May 2020.

**Retail Cannabis Sales (Jan 2019 – May 2020)**



Source: Statistics Canada, FRC

We are pleased to see the data support our thesis that cannabis sales are highly resilient to an economic downturn. **Extrapolating May 2020 sales to the remaining**

**months of 2020 would result in Canada’s recreational cannabis market growing 79% from 2019 to 2020.**

Recreational cannabis sales per capita in Canada in May 2020 were approximately \$5, significantly lower than other cannabis markets, as shown below.

Geographic Region	Recreational Cannabis Sales per Capita in May 2020
<b>Canada</b>	<b>~\$5</b>
California*	~\$11
Colorado	~\$26
Nevada	~\$19
Oregon	~\$33
Washington State	~\$21

*USD-CAD exchange rate of 1.34 used*

*\*The low recreational cannabis sales per capita figure for California is likely due to the fact that California has a booming black market for cannabis.*

*Source: Statistics Canada, Marijuana Business Daily, OLCC, FRC*

**We believe the data above is indicative that there is significant potential for Canada’s recreational cannabis market to grow.**

### **Canadian Retail Cannabis Pricing**

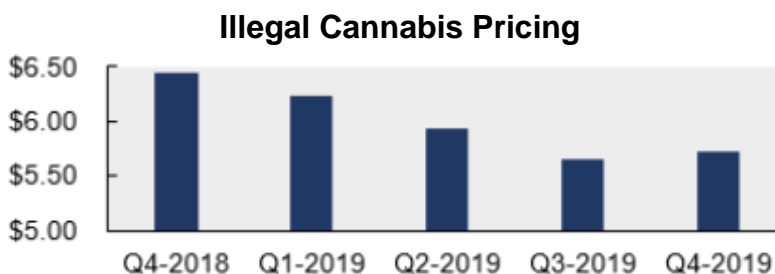
Province (As of 2020/7/27)	Average Price per Gram	Average Price per Gram THC	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
Alberta	\$ 11.65	\$ 11.68	\$ 11.30	289	\$ 4.32	\$ 22.00
B.C.	\$ 10.27	\$ 10.38	\$ 8.22	214	\$ 4.48	\$ 80.29
Manitoba	\$ 11.77	\$ 11.79	\$ 11.57	265	\$ 5.66	\$ 20.43
N.B.	\$ 10.17	\$ 10.28	\$ 9.09	149	\$ 3.57	\$ 16.28
N.S.	\$ 10.51	\$ 10.58	\$ 9.82	163	\$ 5.36	\$ 42.85
Newfoundland	\$ 10.16	\$ 10.17	\$ 10.19	131	\$ 5.64	\$ 15.40
Northwest Territories	\$ 11.54	\$ 11.54		3	\$ 12.08	\$ 13.00
Nunavut	\$ 11.73	\$ 11.84	\$ 12.41	36	\$ 9.43	\$ 17.91
Ontario	\$ 9.89	\$ 10.09	\$ 8.41	238	\$ 4.20	\$ 23.98
P.E.I.	\$ 10.54	\$ 10.60	\$ 9.85	134	\$ 4.46	\$ 23.30
Quebec	\$ 9.28	\$ 9.21	\$ 9.83	180	\$ 4.85	\$ 14.55
Saskatchewan	\$ 12.57	\$ 12.61	\$ 12.06	61	\$ 5.81	\$ 38.50
Yukon	\$ 14.30	\$ 14.81	\$ 12.76	12	\$ 10.97	\$ 16.15
<b>CANADA</b>	<b>\$ 11.11</b>	<b>\$ 11.20</b>	<b>\$ 10.46</b>			



Province (As of 2020/7/20)	Average Price per Gram	Average Price per Gram THC	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
Alberta	\$ 11.62	\$ 11.64	\$ 11.30	286	\$ 4.32	\$ 22.00
B.C.	\$ 10.25	\$ 10.36	\$ 8.22	212	\$ 4.48	\$ 80.29
Manitoba	\$ 11.77	\$ 11.79	\$ 11.57	265	\$ 5.66	\$ 20.43
N.B.	\$ 10.17	\$ 10.28	\$ 9.09	149	\$ 3.57	\$ 16.28
N.S.	\$ 10.51	\$ 10.58	\$ 9.82	163	\$ 5.36	\$ 42.85
Newfoundland	\$ 10.16	\$ 10.17	\$ 10.19	131	\$ 5.64	\$ 15.40
Northwest Territories	\$ 11.54	\$ 11.54	\$	3	\$ 12.08	\$ 13.00
Nunavut	\$ 11.73	\$ 11.84	\$ 12.41	36	\$ 9.43	\$ 17.91
Ontario	\$ 10.13	\$ 10.41	\$ 8.20	246	\$ 4.20	\$ 23.98
P.E.I.	\$ 10.57	\$ 10.62	\$ 9.85	133	\$ 4.46	\$ 23.30
Quebec	\$ 9.27	\$ 9.20	\$ 9.83	179	\$ 4.85	\$ 14.55
Saskatchewan	\$ 12.80	\$ 12.92	\$ 12.06	30	\$ 9.17	\$ 17.41
Yukon	\$ 14.30	\$ 14.81	\$ 12.76	12	\$ 10.97	\$ 16.15
<b>CANADA</b>	<b>\$ 11.14</b>	<b>\$ 11.24</b>	<b>\$ 10.44</b>			

Source: Online Provincial Cannabis Stores, FRC

The average retail price per gram decreased 0.31% week-over-week to reach **\$11.11**. Over the long-term, we continue to reiterate our view that the retail price per gram of cannabis will decrease to combat the black market for cannabis. **According to Statistics Canada, the average per gram price of illegal cannabis in Q4-2019 was \$5.73.** The following shows the trend in pricing for illegal cannabis:



Source: Statistics Canada, FRC

### Canadian Retail Cannabis Stores

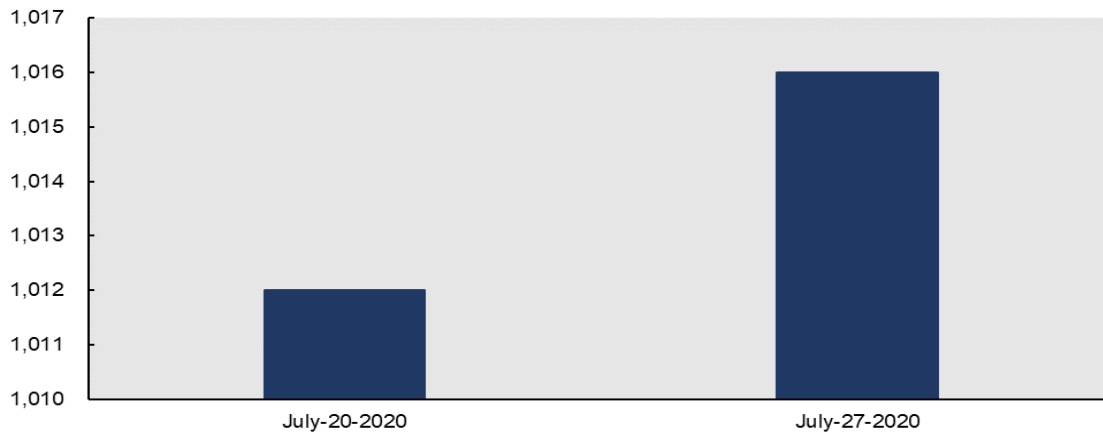
As of July 27, 2020, there are 1,016 retail cannabis stores across Canada – a 0.4% increase from a week ago. The following shows the week-over-week growth rates:

#### Week-over-Week Store Count Change

June 29, 2020	July 6, 2020	July 13, 2020	July 20, 2020	July 27, 2020
0.9%	2.4%	1.8%	0.7%	0.4%

Source: Provincial Websites, FRC

**Number of Retail Cannabis Stores in Canada**



Source: Provincial Websites, FRC

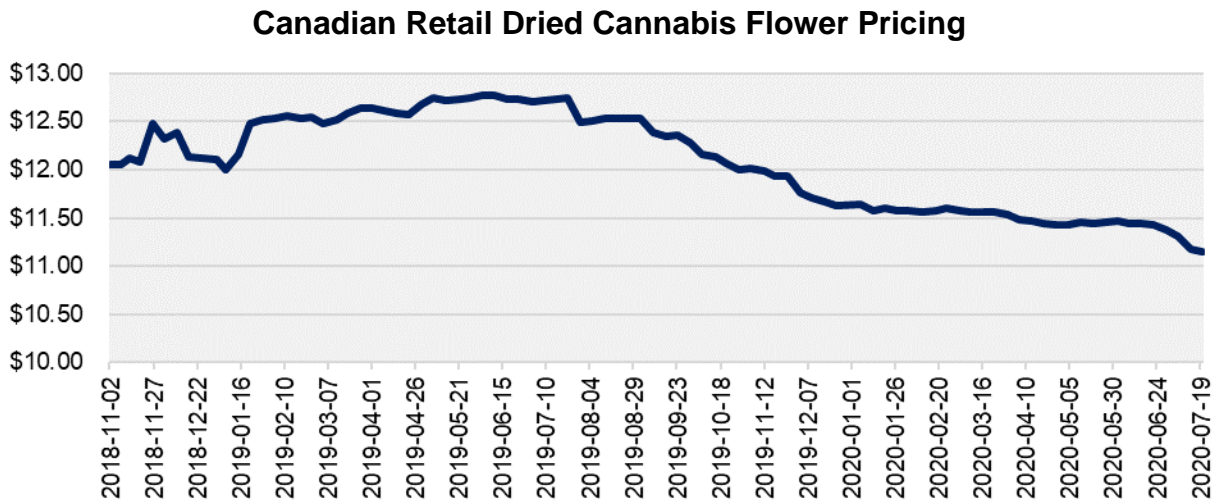
The following shows the number of retail cannabis stores by province/territory:

Cannabis Stores	July-20-2020 Store Count	July-27-2020 Store Count	Population	Population / Store
Alberta	495	497	4,428,247	8,910
B.C.	212	214	5,120,184	23,926
Manitoba	30	30	1,379,121	45,971
N.B.	20	20	780,890	39,045
N.S.	12	12	978,274	81,523
Newfoundland	25	25	520,437	20,817
Northwest Territories	5	5	44,982	8,996
Nunavut	N/A	N/A	39,486	N/A
Ontario	118	118	14,745,040	124,958
P.E.I.	4	4	158,717	39,679
Quebec	42	42	8,552,362	203,628
Saskatchewan	44	44	1,181,987	26,863
Yukon	5	5	41,293	8,259
<b>CANADA</b>	<b>1,012</b>	<b>1,016</b>	<b>37,971,020</b>	<b>37,373</b>

Source: Provincial Websites, FRC

As shown above, Ontario and Quebec are the two largest underserved provinces for cannabis, with a population / store of 125k and 204k, respectively. **Growth in Canada’s cannabis market hinges on more retail cannabis store openings in the two aforementioned provinces.**

The below chart shows Canadian retail dried cannabis flower pricing since we began price coverage.



Source: Online Provincial Cannabis Stores, FRC

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