

& Davidson Company

CHARTERED PROFESSIONAL ACCOUNTANTS

— CFO SERIES XIV —

*Creating & Measuring
Value for Public Companies*

Wednesday August 16th, 2017
609 GRANVILLE STREET VANCOUVER

A DAVIDSON & COMPANY SEMINAR

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ECONOMIC UPDATE – August 16, 2017

- **General Economic Indicators**
- **Mining**
- **Oil and Gas**
- **Cannabis**
- **Market Update**

ECONOMIC UPDATE – August 16, 2017

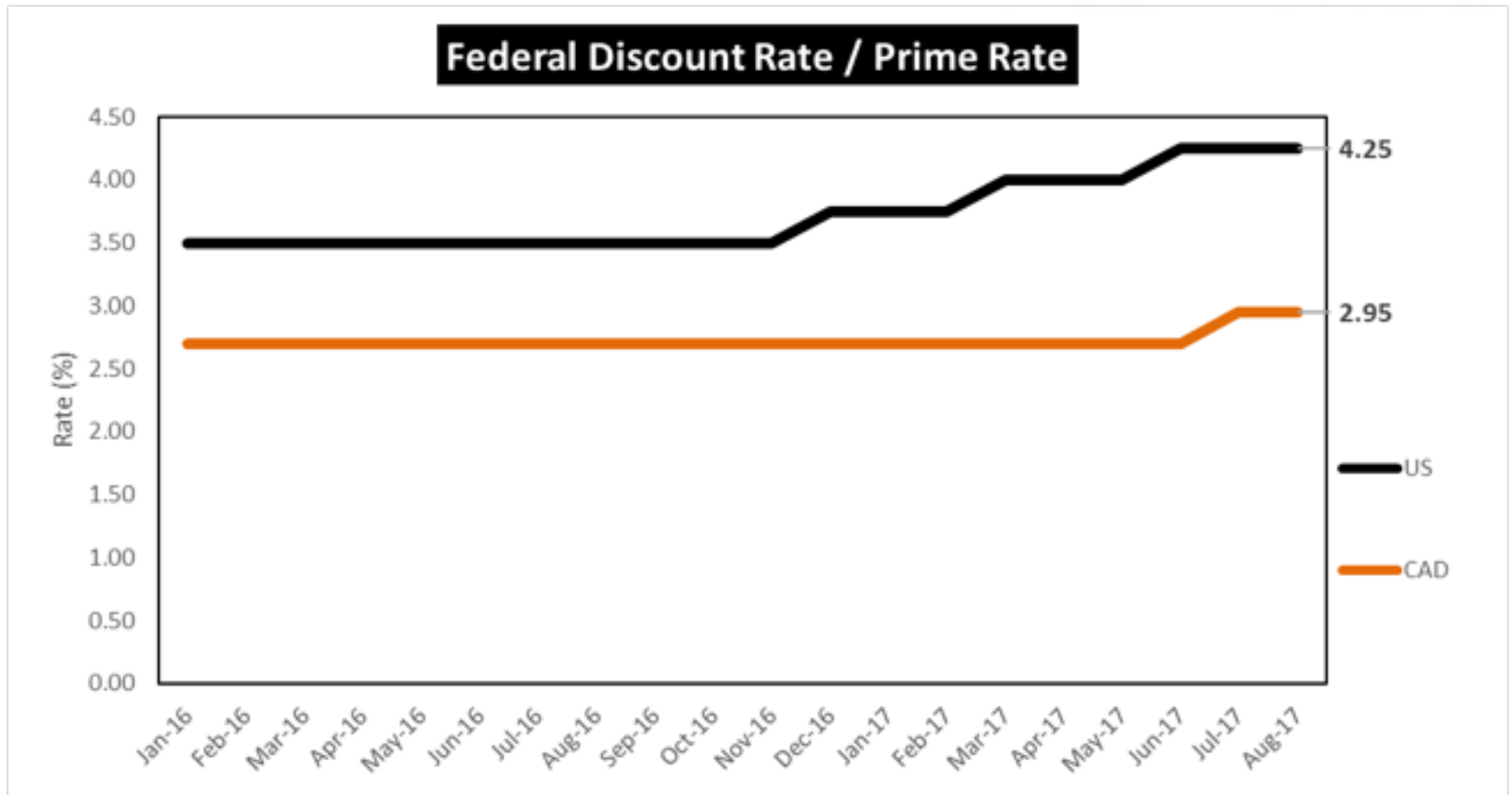
The information contained in this presentation is non-authoritative.
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ECONOMIC UPDATE: GDP

- **Canada** - expected to **grow*** by
 - » **2.8%** in 2017
 - » **1.9%** in 2018
 - » **1.6%** year-over-year (2019 – 2021)
- **US** – expected to **grow*** by
 - » **2.2%** in 2017
 - » **2.1%** in 2018
 - » **1.9%** year-over-year (2019 – 2021)

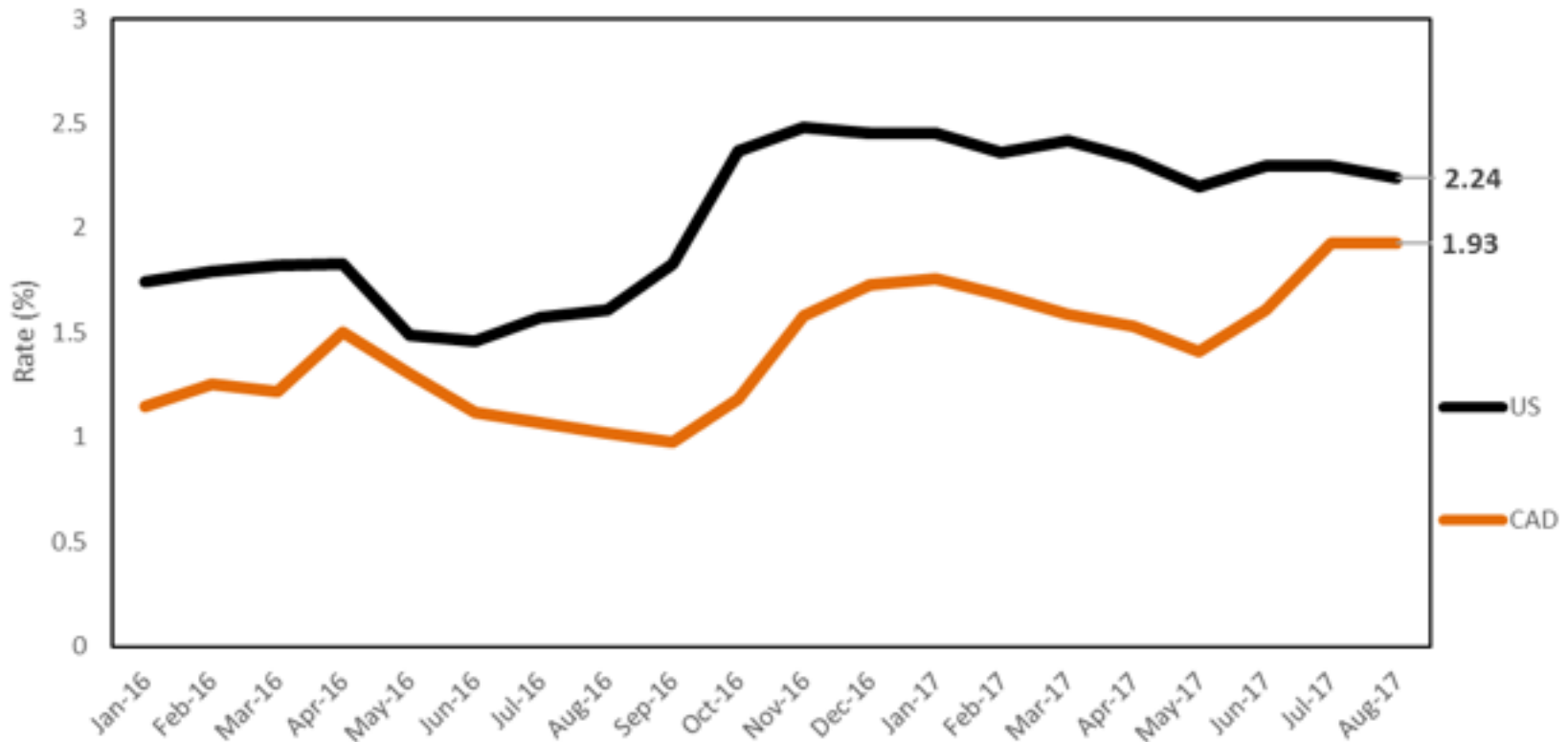
Source: TD Economics – July 2017

ECONOMIC UPDATE: Prime Rate

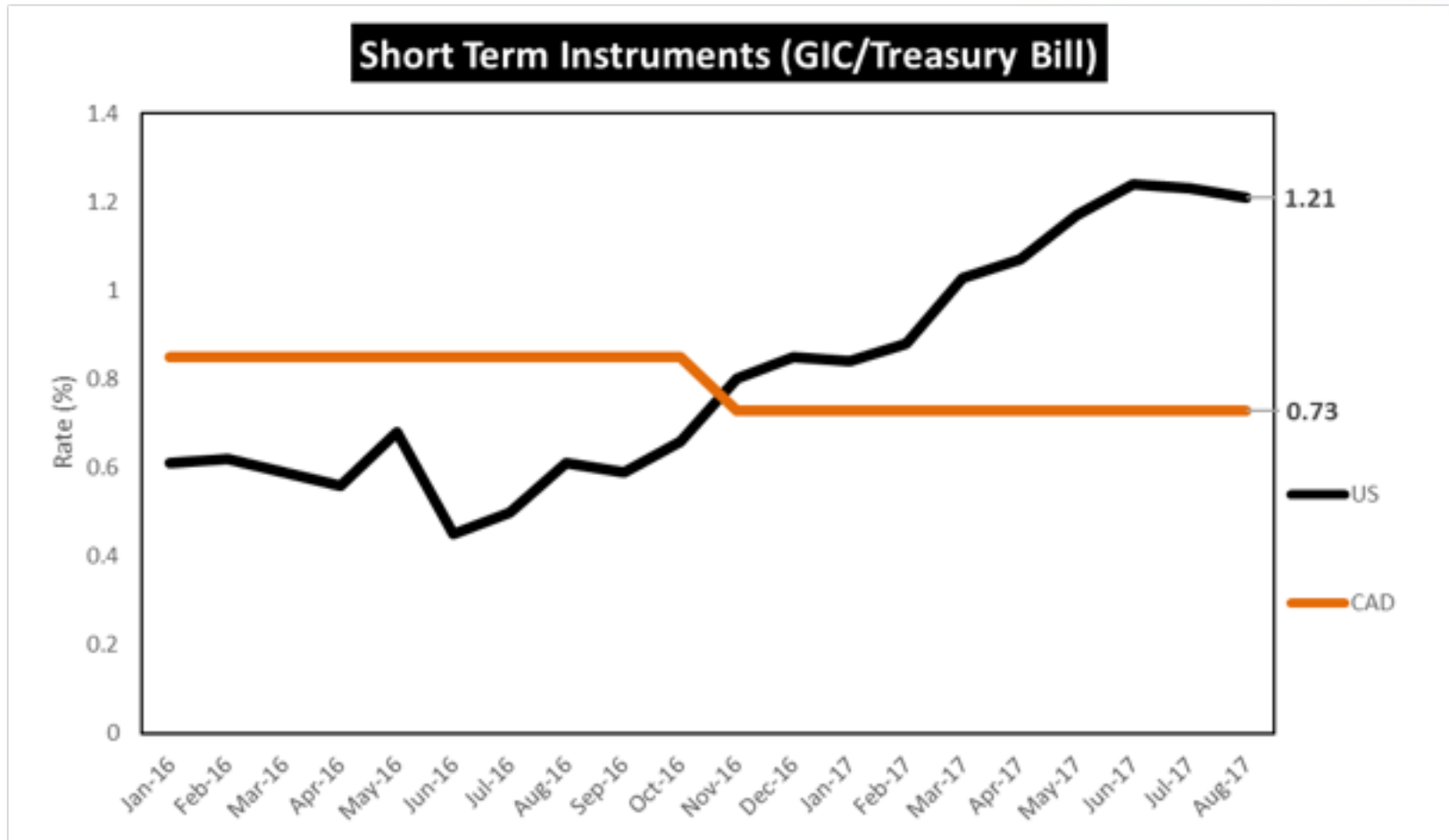


ECONOMIC UPDATE: 10 Year Bonds

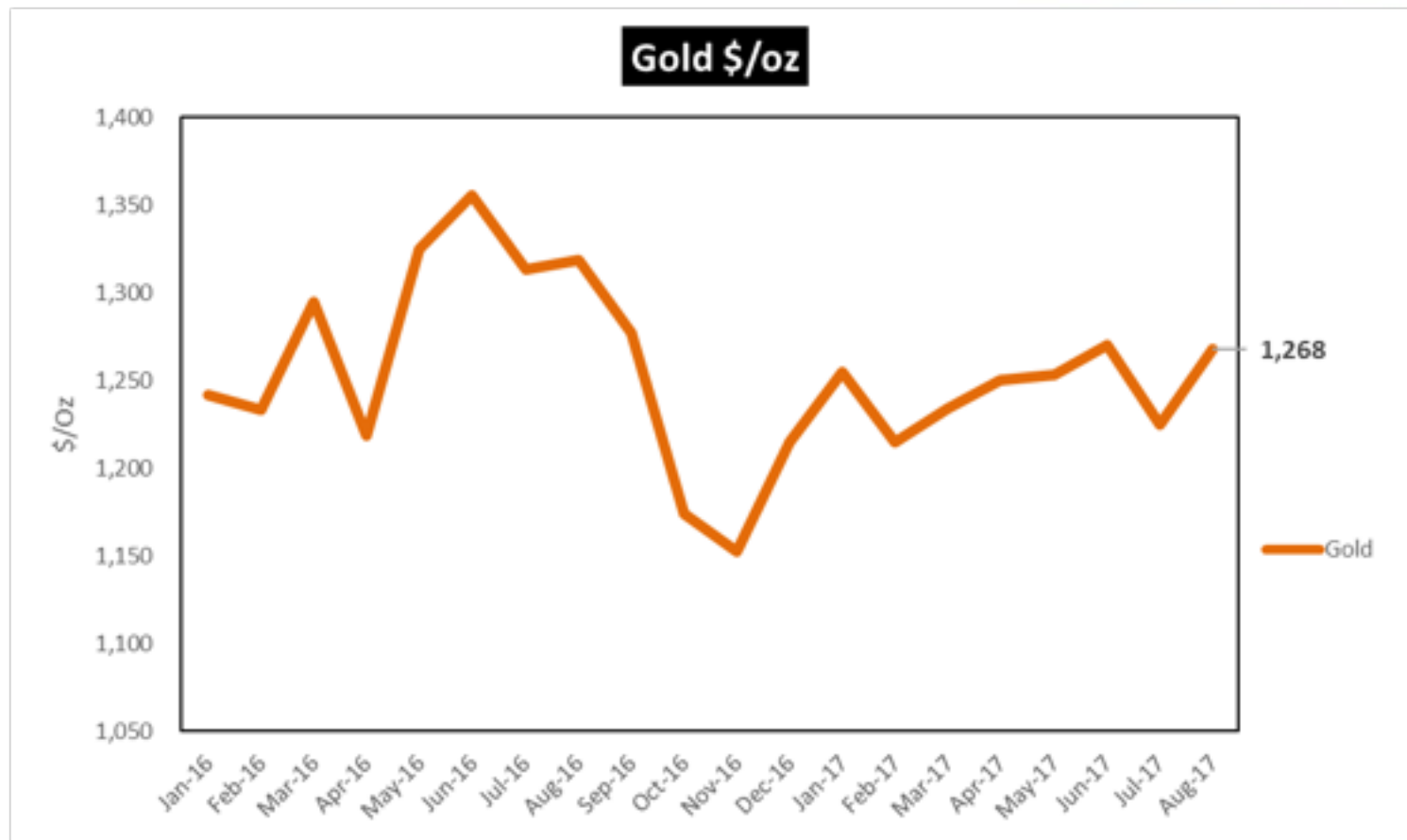
10 Year Bonds



ECONOMIC UPDATE: S.T. Instruments

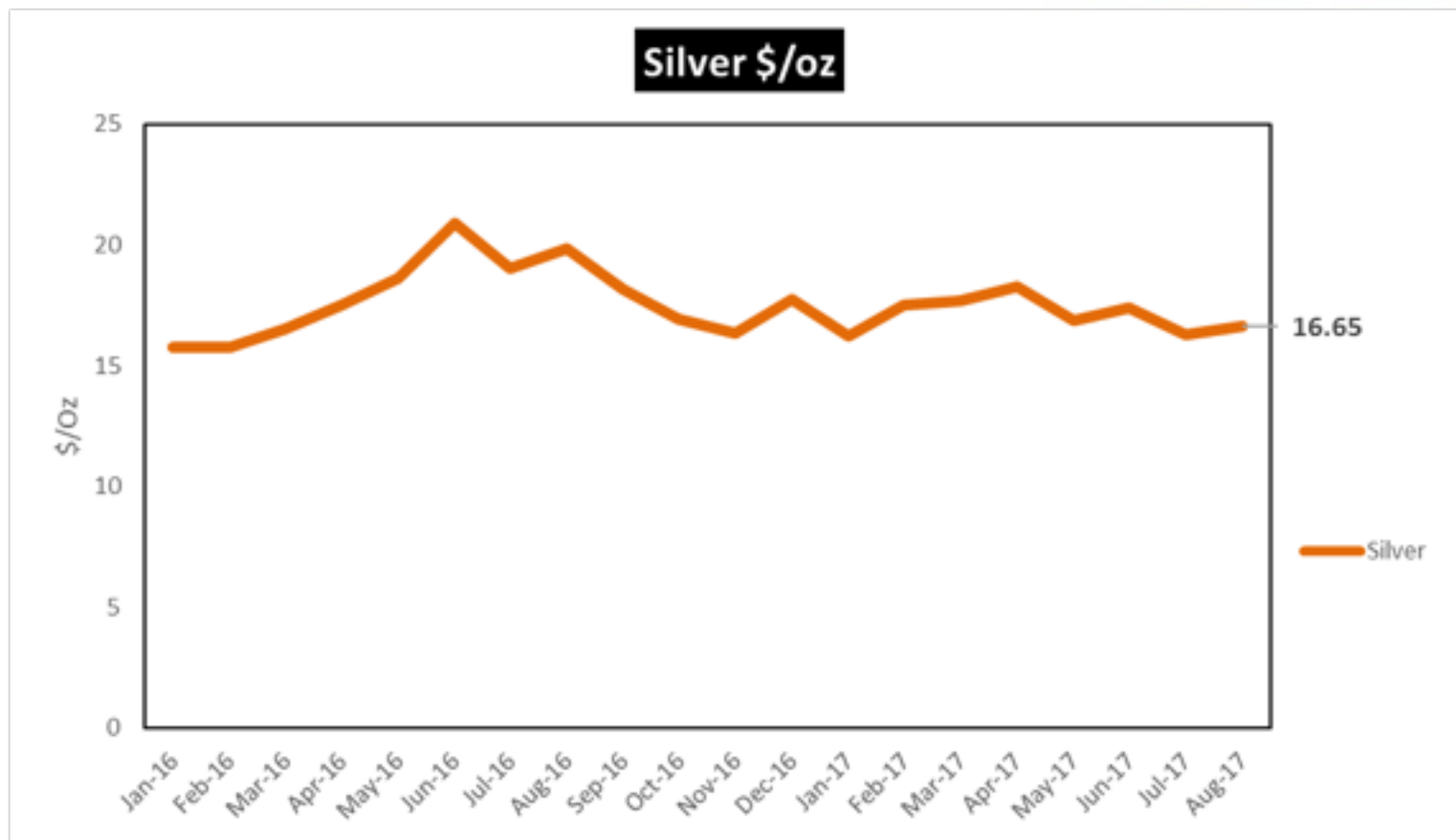


MINING UPDATE: Gold



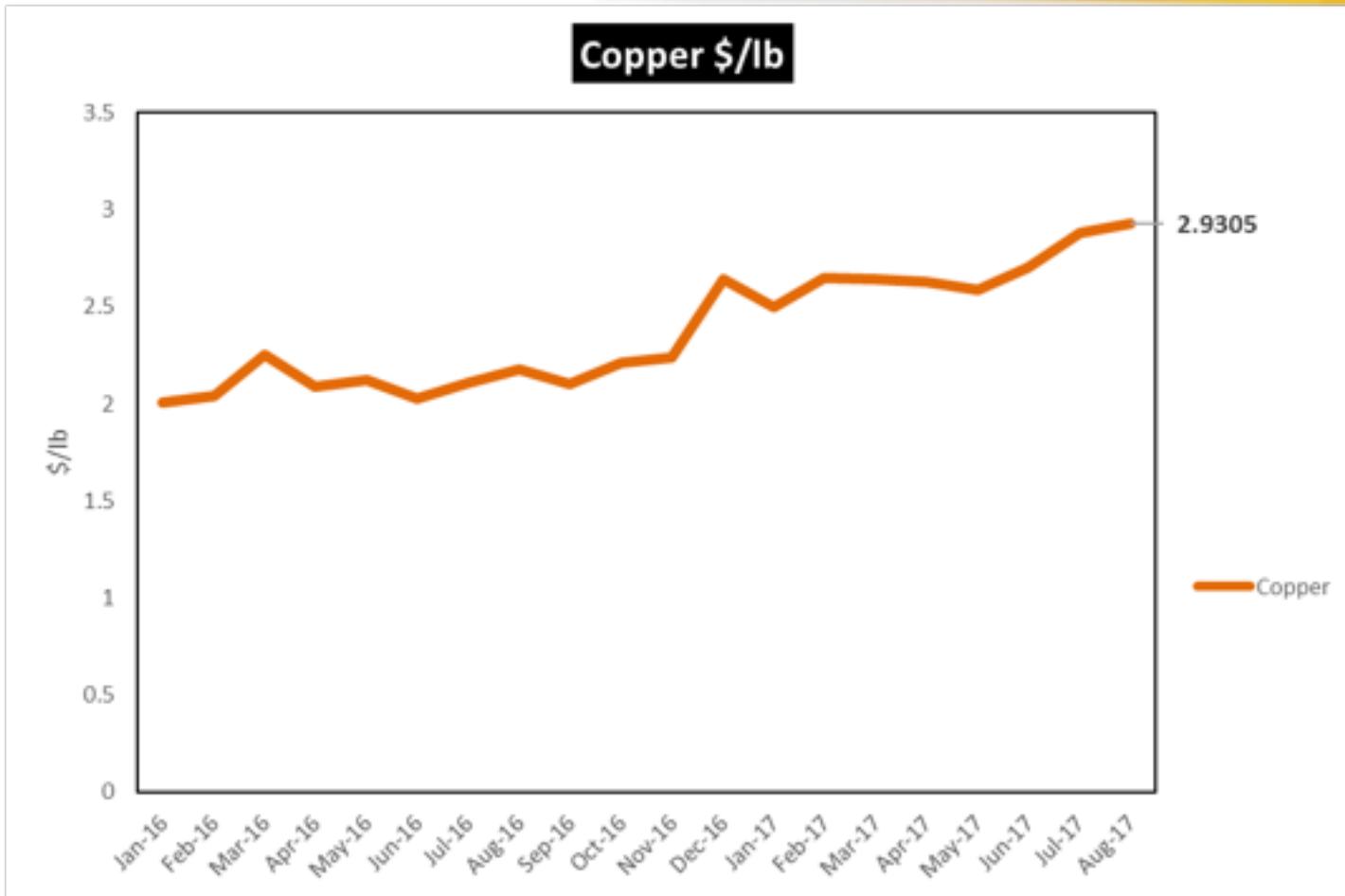
Forecast: \$1,300/oz by end of 2016

MINING UPDATE: Silver

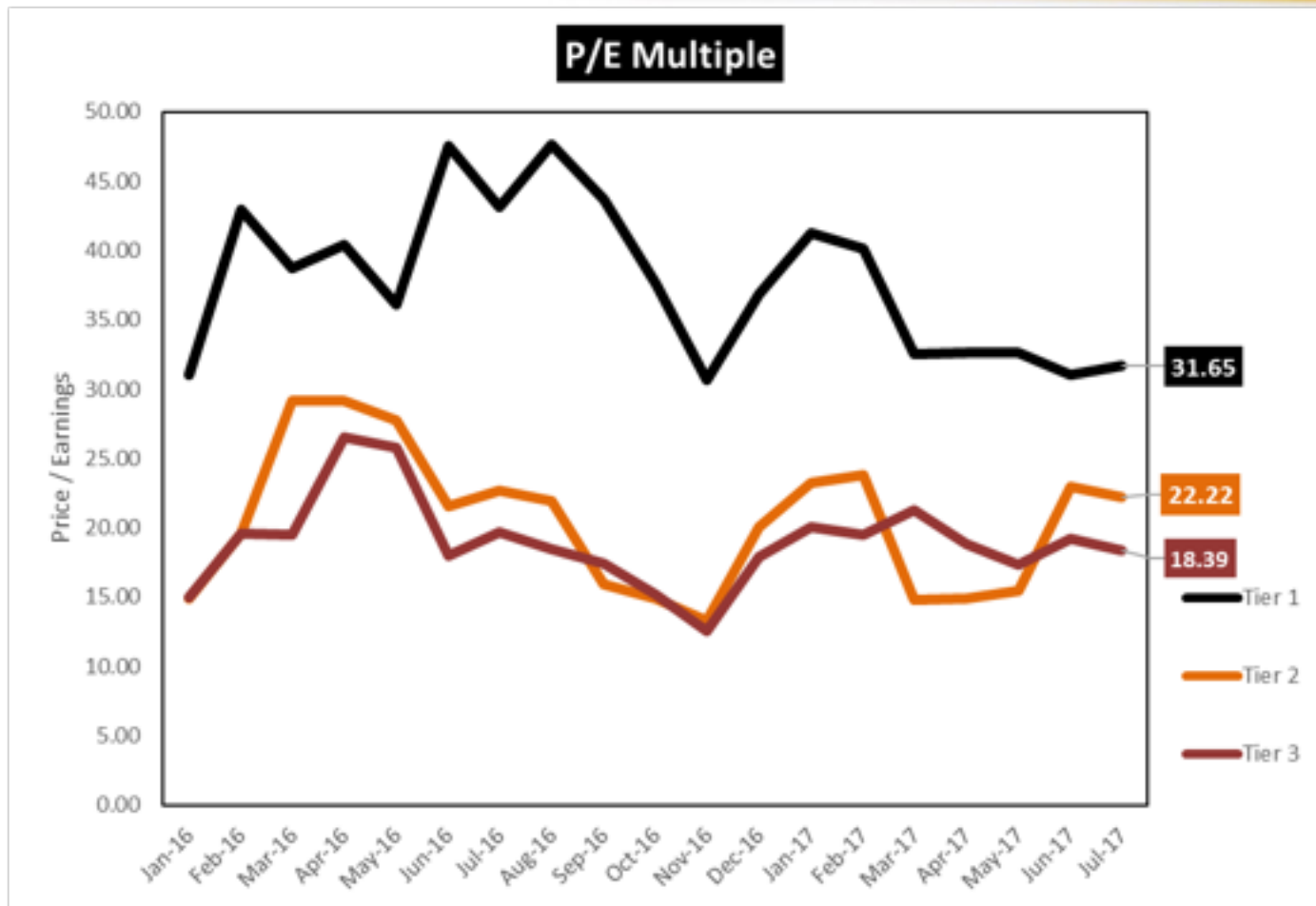


Forecast: \$18.5/ Troy ounce (2018)

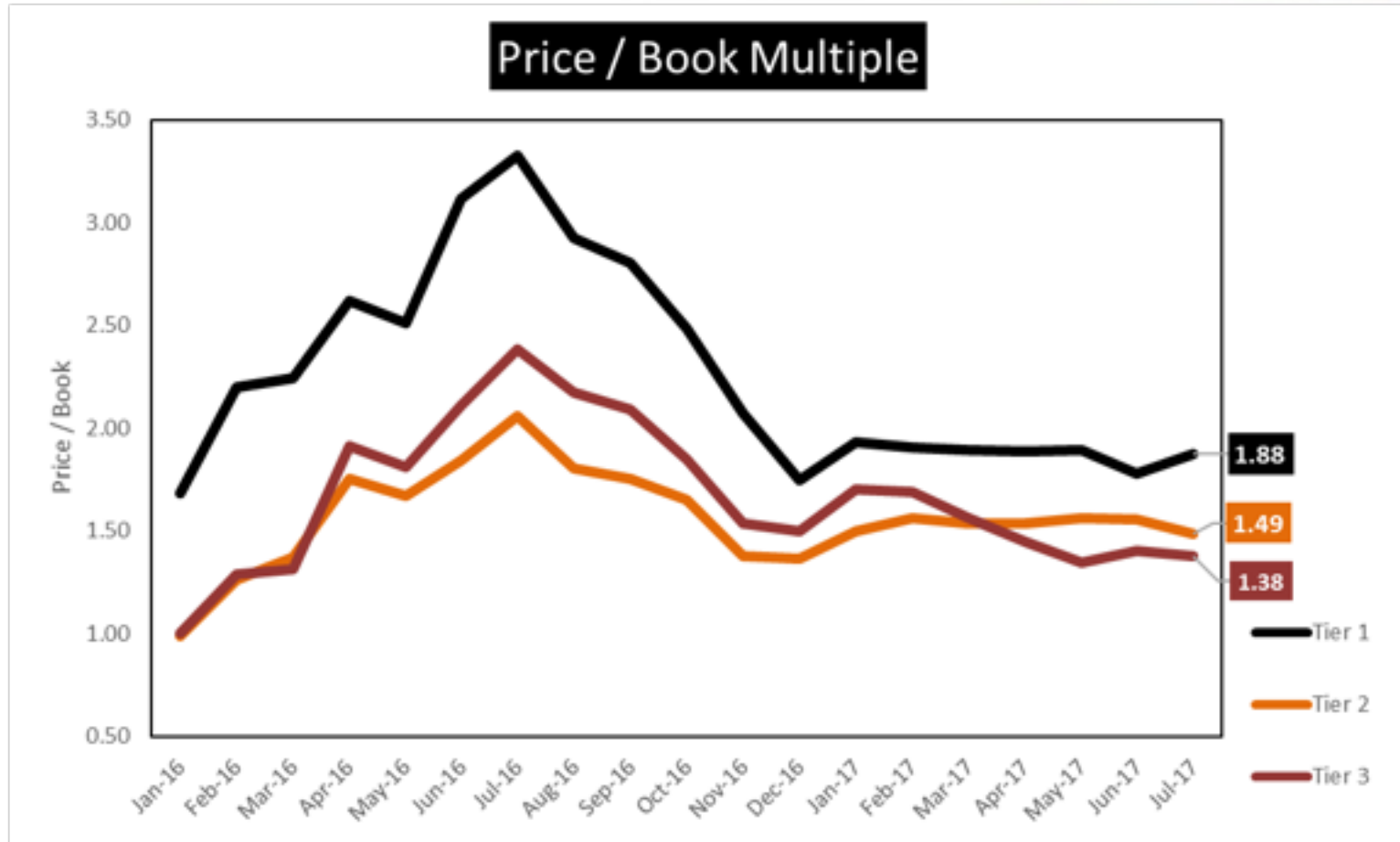
MINING UPDATE: Copper



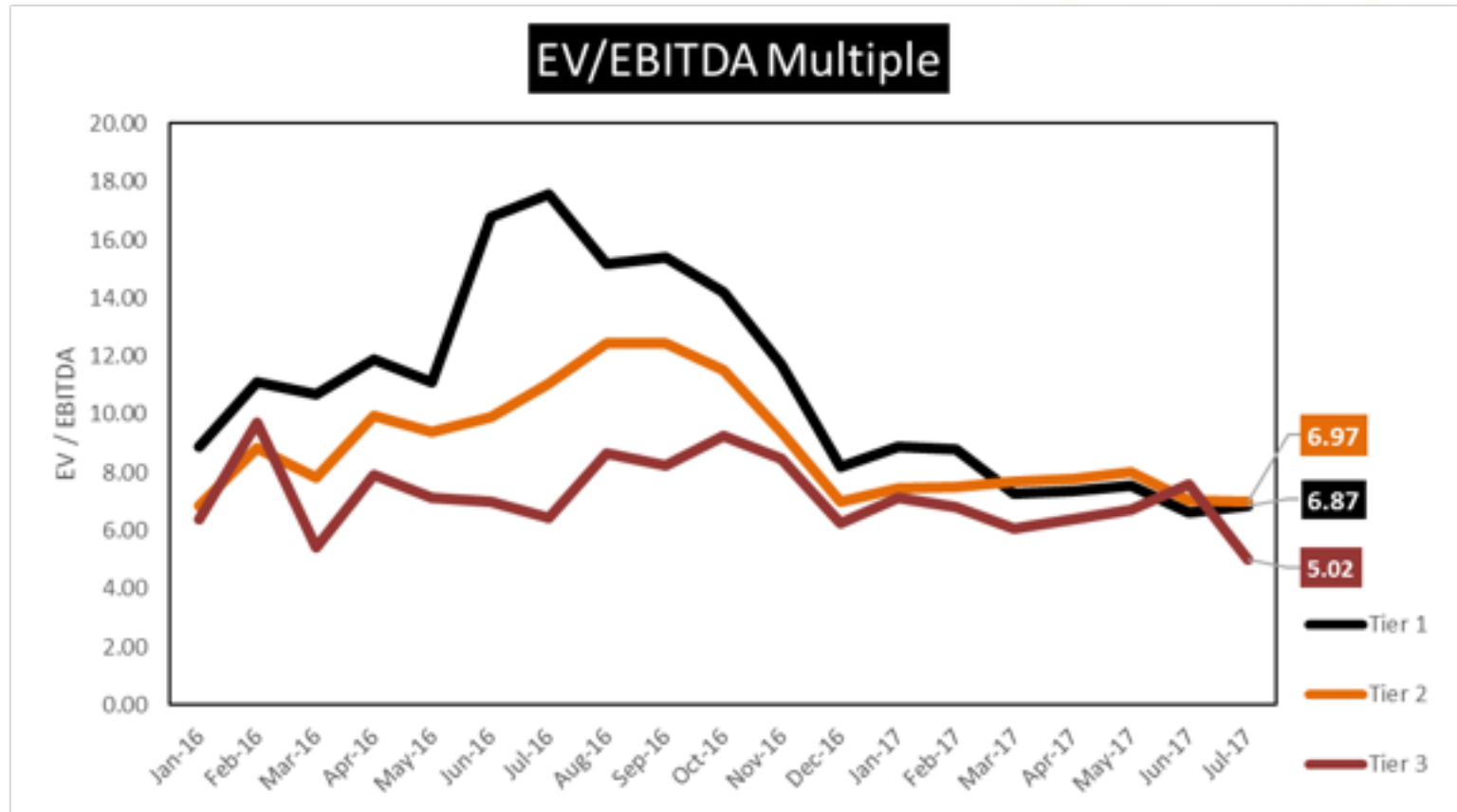
MINING UPDATE: Gold – P/E



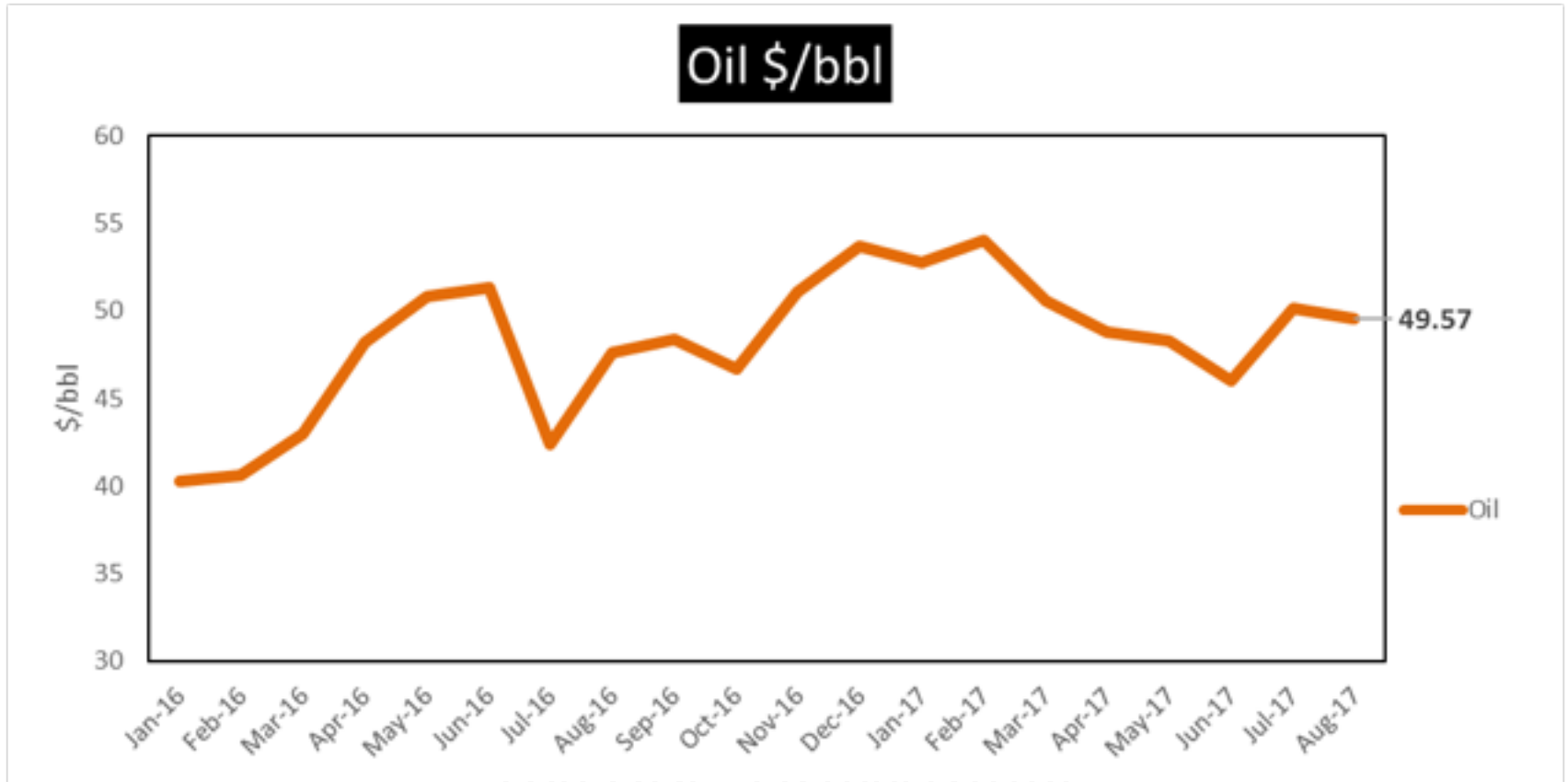
MINING UPDATE: Gold – P/B



MINING UPDATE: Gold – EV/EBITDA

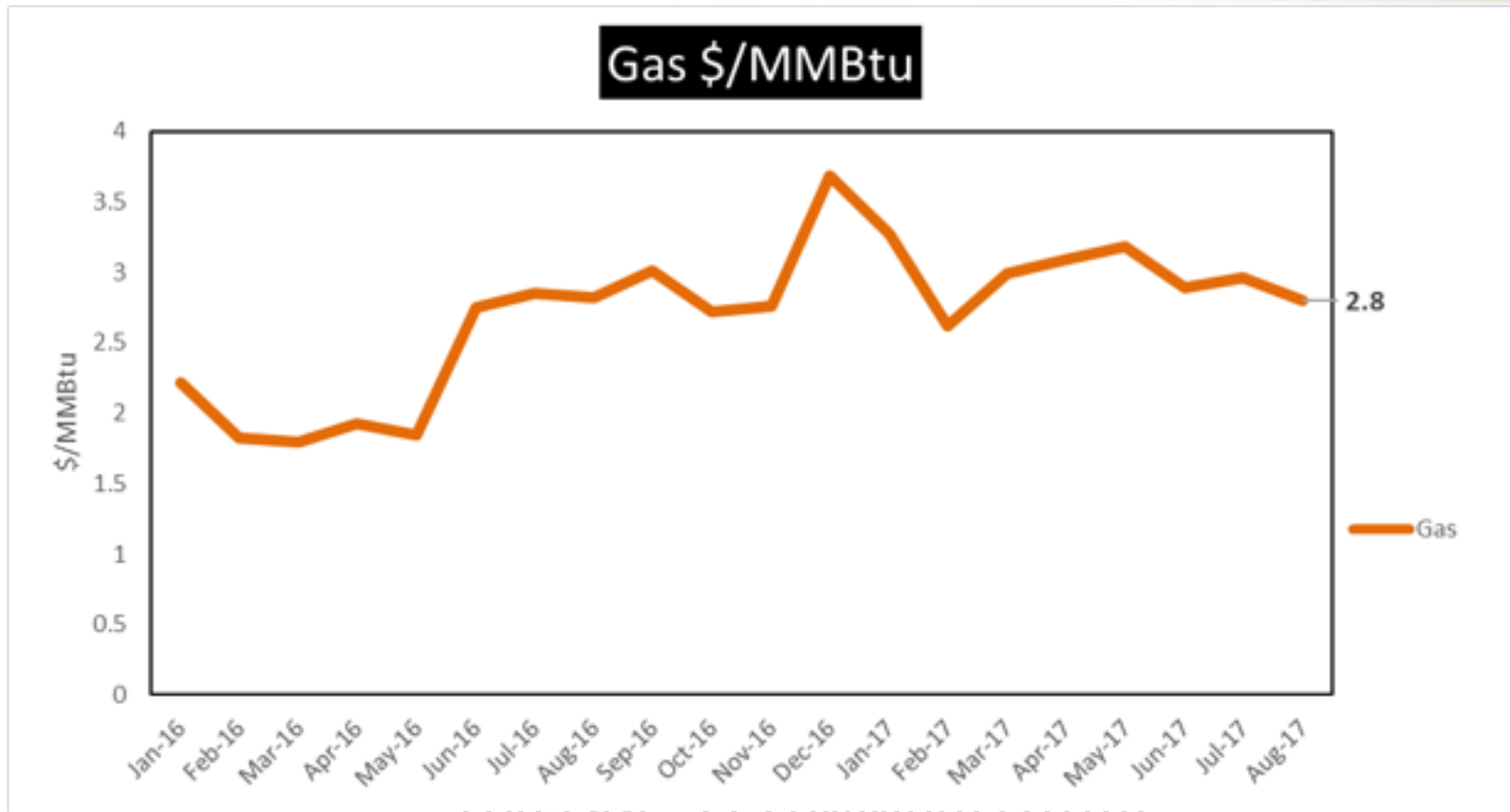


OIL & GAS UPDATE- Oil



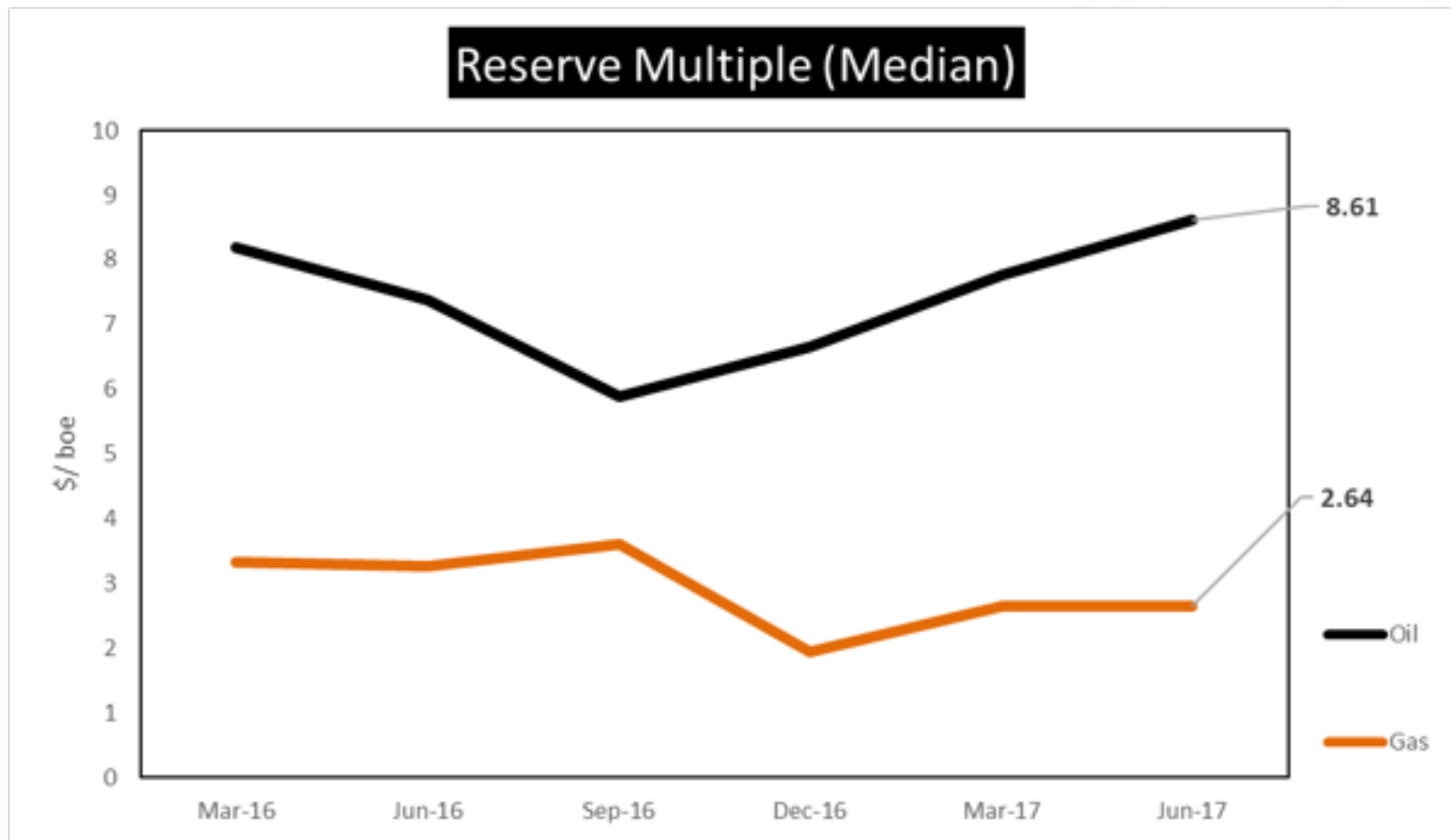
Forecast: \$52/bbl (2016)

OIL & GAS UPDATE- Gas

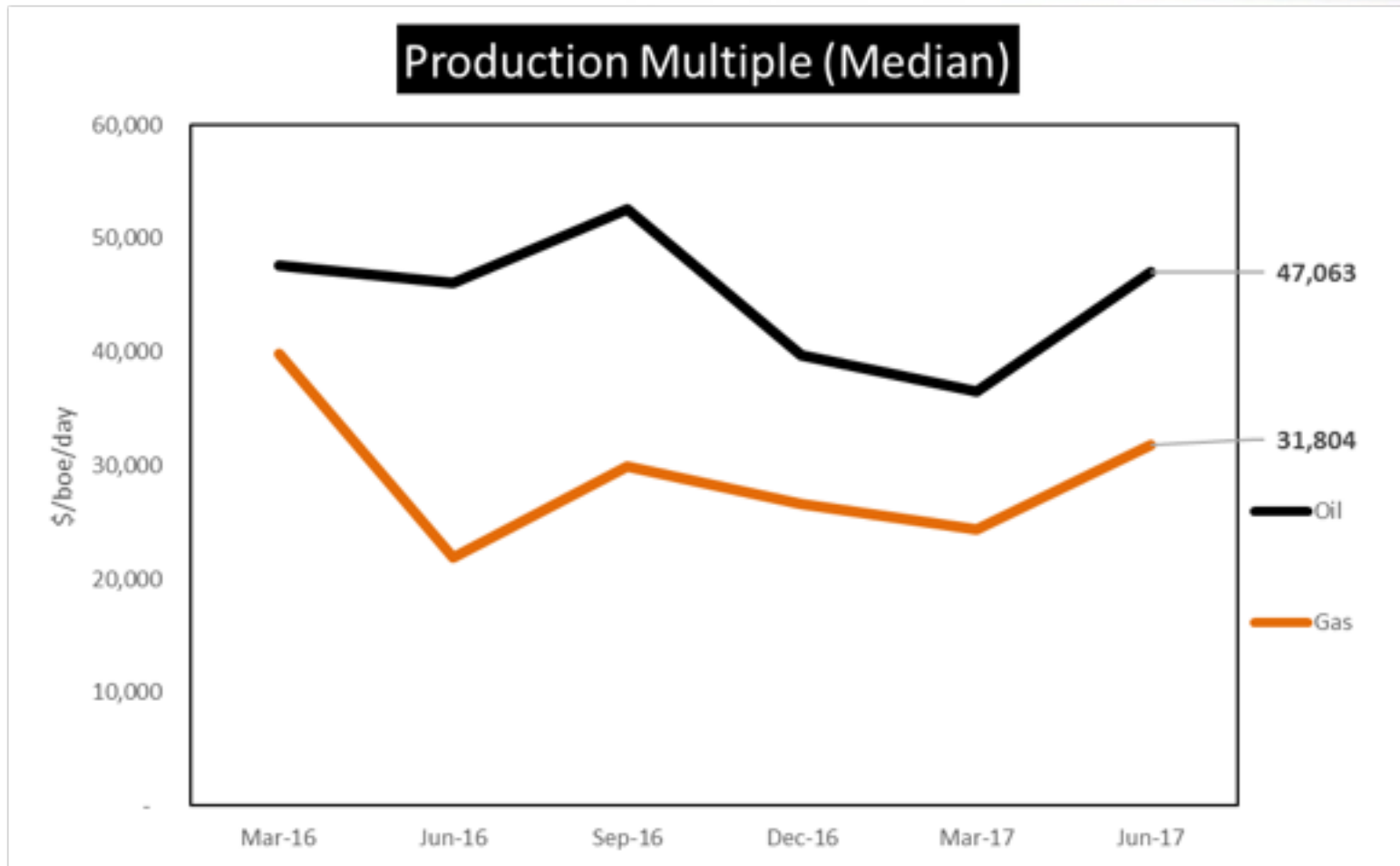


Forecast: \$3.2/MMBtu (2018)

OIL & GAS UPDATE: Reserve Multiples



OIL & GAS UPDATE: Production Multiples

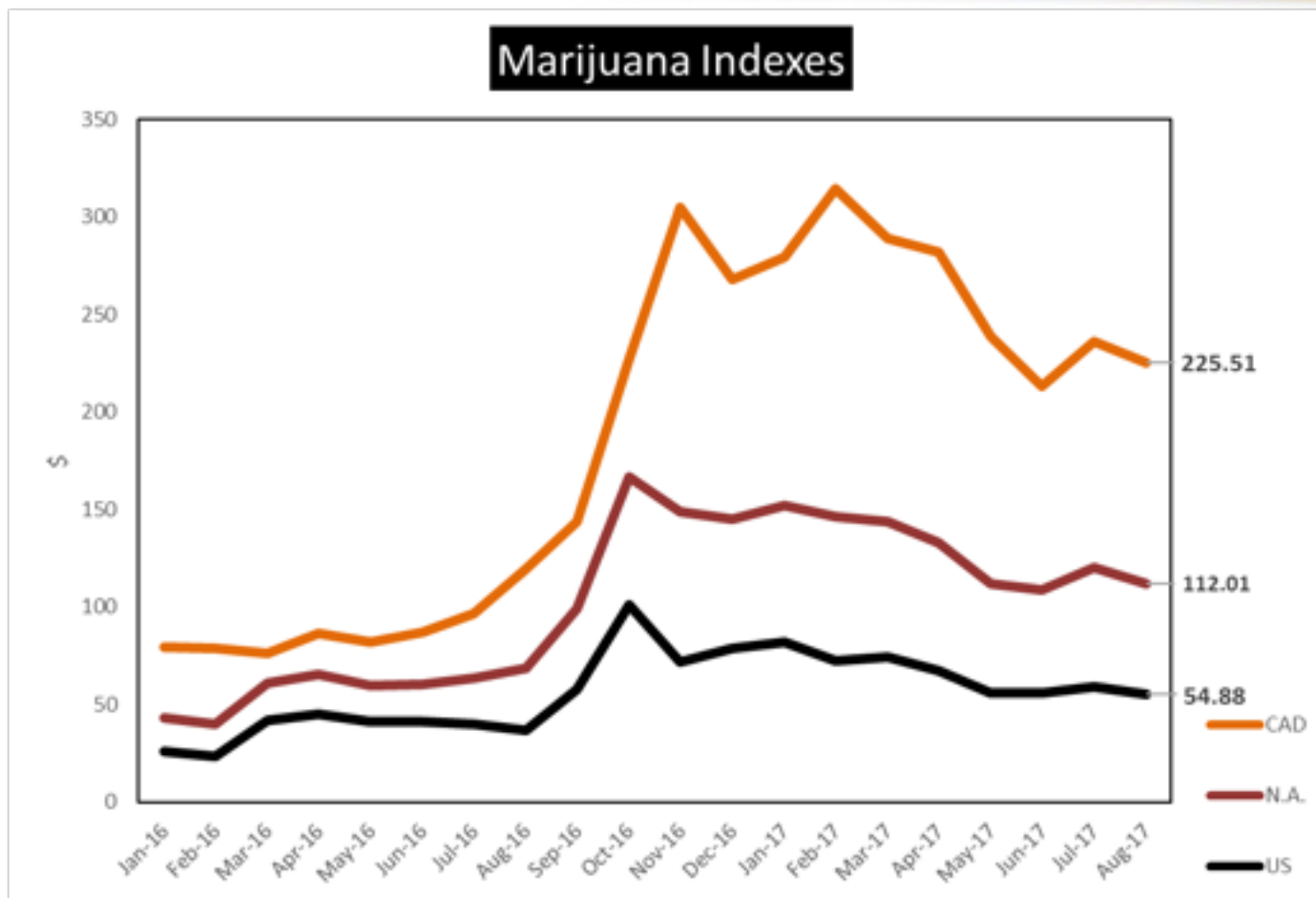


OIL & GAS UPDATE: Transactions

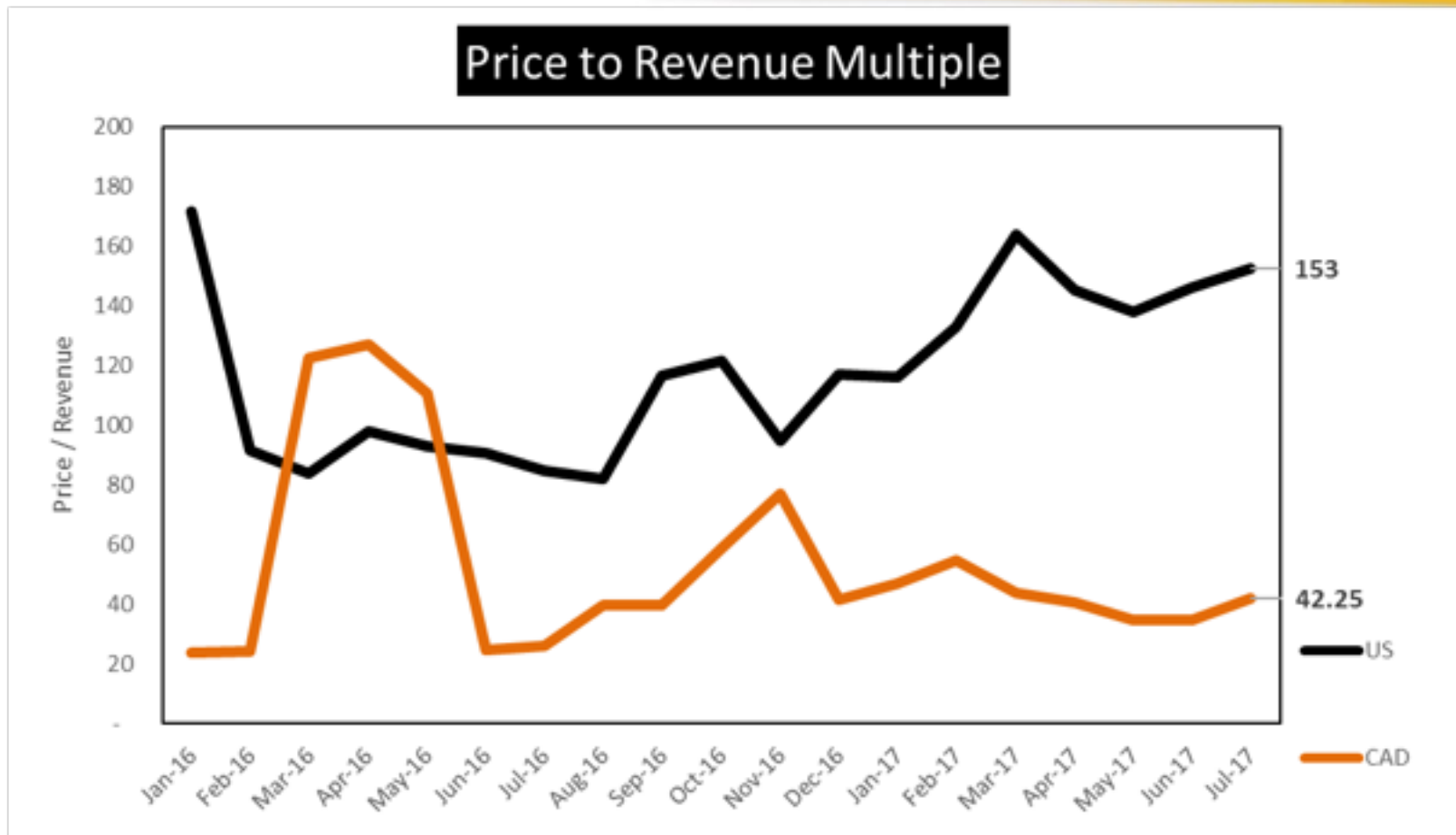
Transactions

- Total value of M&A activity **decreased** from \$33.3 billion in Q1 2017 to \$2.7 billion in Q2 2017
- Largest transaction is sale of CQ Energy Canada Partnership (**gas heavy**) to Maple Felix Corp. for approximately **\$722 million**
- 2nd largest transaction is sale of 67% interest in Northern Blizzard Resources (**oil heavy**) to Waterous Energy Fund for approximately **\$648.6 million**

CANNABIS UPDATE: Indexes

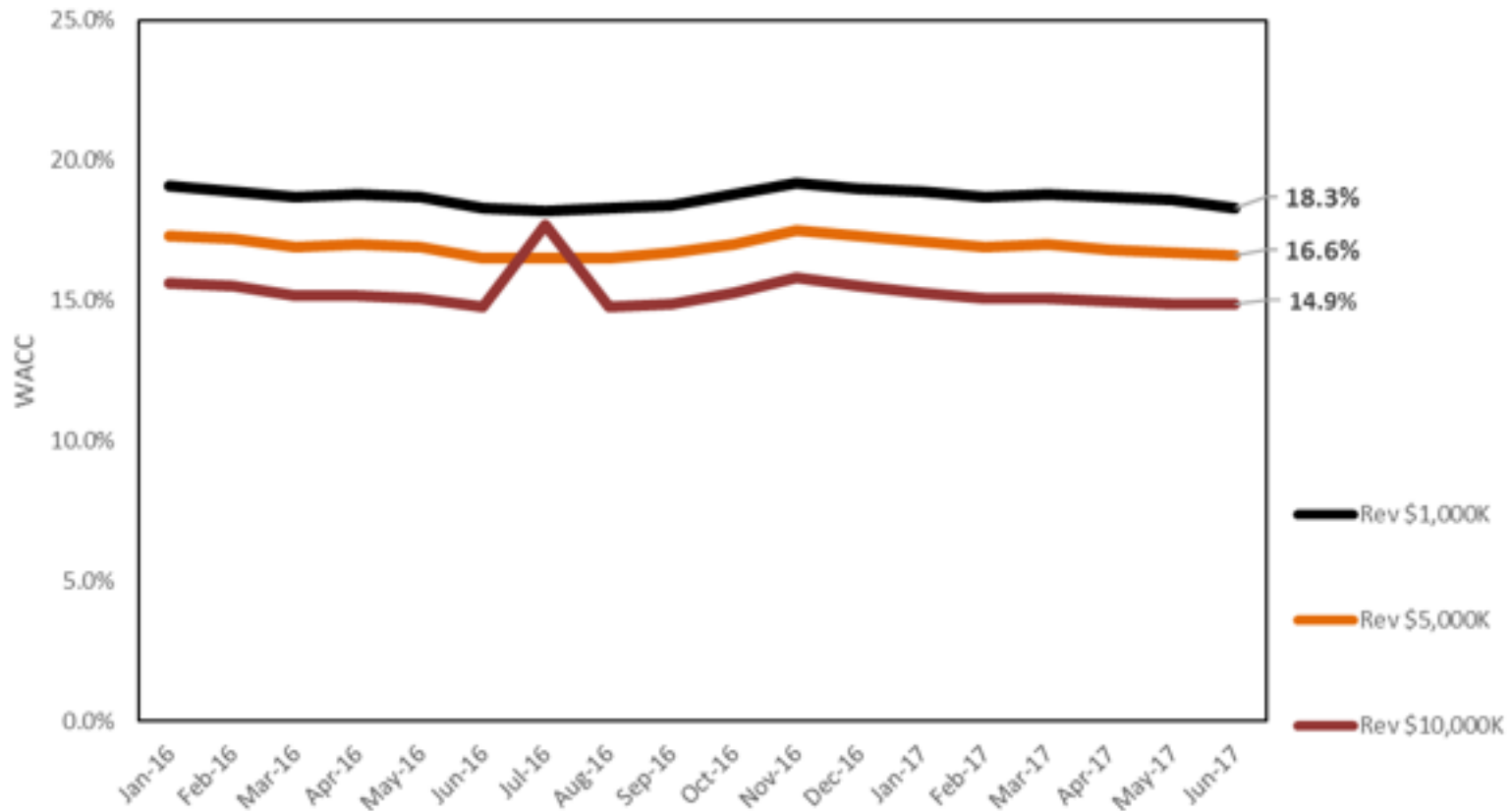


CANNABIS UPDATE: P/Revenue Multiple



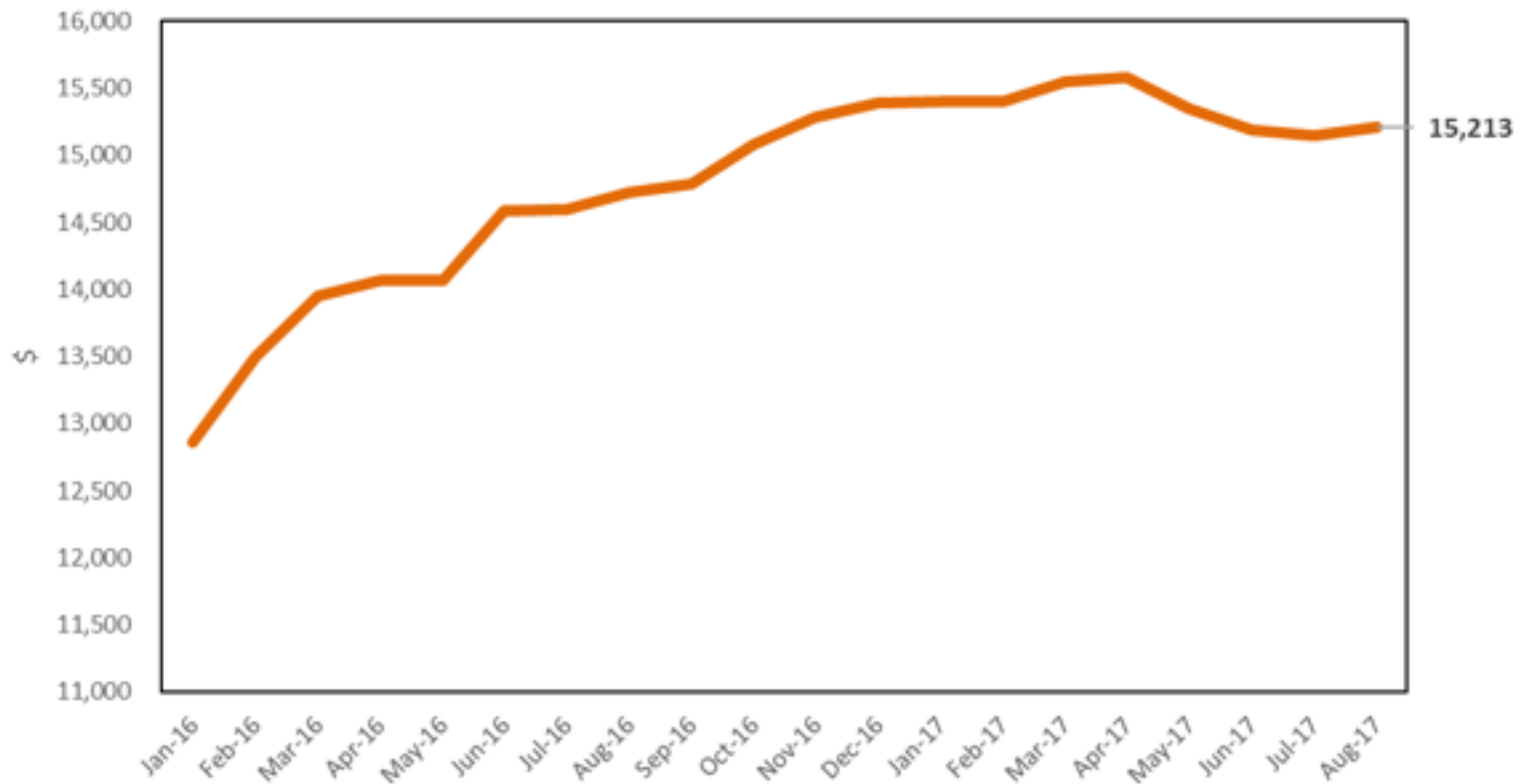
WACC

U.S. Weighted Average Cost of Capital



Stock Indexes

S&P / TSX Composite Index



SUMMARY OUTLOOK

- B.C.
 - Overall attractive place to invest and do business
 - Increase in population, retail sales, job growth
 - Remain strong in the years to come despite
 - Housing correction (40% decline in volume)
 - Uncertainty regarding
 - Site C Hydroelectric dam
 - Trans Mountain Pipeline Expansion
 - Optimistic, but tempered

A decorative graphic consisting of two overlapping, horizontal, yellow ribbon-like shapes that taper towards the left. The top shape is slightly higher and ends in a pointed tip, while the bottom shape is lower and has a more rounded, layered appearance.

Thank you