

## Weekly Charts & Commentary (on Thursday's close)

*Thoughts from the Chairman:* warwick.grigor@canaccord.com.au

### Should we be chasing graphite or graphene? Talga gives you both.

#### *Shaw Stockbroking Graphite Conference*

One of the most active sectors in the resources space in recent months has been graphite. Back in July there was definitely a bubble underway with rampant buying of anything that was reporting graphite, but the sector has been letting off steam since then. Nevertheless, there was considerable interest in the Graphite Conference hosted by Shaw Stockbroking earlier this week. Not only did Vince Pisani gather eight of the more advanced graphite companies, but there was an impressive list of institutional investors from Sydney and Melbourne. Who said the fund managers weren't active in the speculative end?

The key takeaways on the fundamentals of the graphite market were that the Chinese industry is going through structural change causing a drop in production of 40-60,000 tpa. This is happening at a time that new uses of graphite are being developed, particularly for electric cars. China has been producing 85% of the world's natural graphite. The only other significant producer of graphite is Brazil, but it consumes what it produces. World supply in 2013, was 700,000 tonnes.

In terms of grades, anything above 10% is considered very good and better than most of the Chinese mines. About 50% of world production comes from grades less than 6%. The average mine size is 20-30,000 tpa of graphite concentrate, so they are small and without economies scale. The keys to commerciality are offtake agreements and partnerships, and the industry has been traditionally small scale so there has not been the need for large deposits.

The eight companies that presented at the Conference were;

Archer Exploration – exploration in South Australia

Bora Bora Resources – narrow vein graphite in Sri Lanka

Strategic Energy Resources – technology and research

Syrah Resources – large resource in Mozambique

Talga Resources – very high-grade resource in Sweden

Triton Minerals – large resource in Mozambique

Uranex – exploration project in Tanzania

Valence Industries – mine in South Australia

#### *Graphite or Graphene?*

Most people are still sketchy on the difference between graphite and graphene, so it's worth taking the time to explain the difference. Graphite is an industrial commodity that has been around for a long time – hundreds of years. Graphene is a newly discovery material that has only been available for the past five years. It is a product that takes us beyond mining and into the high tech end of science and materials. I recently read an article that said we have seen the Bronze Age and we have seen the Iron Age, but we are now stepping into the Graphene Age.

When we think of graphene we should not be thinking of what its limits are; we should be considering its possibilities. It is a substance that can be combined with many different materials, in small proportions, to greatly enhance the qualities of the material with which it combines. As an example just a few percentage points of graphene added to materials such as aluminium, steel and concrete can add significant to strength whilst reducing weight. It is very strong, highly conductive, flexible and a small amount can make a great difference. It is to materials what the internet has been to communications. Granted, the graphene market is still small, but it will expand dramatically from here.

Some of the amazing qualities of graphene are;

- it is the thinnest, lightest know material
- it is the strongest, being 200x stronger than steel
- it can bend and is almost transparent
- it conducts heat and electricity better than any other material
- it lets nothing pass through it other than water

Purest graphene is only one atom thick. It is a two dimensional product that is sourced from crystallising carbon, or separating natural graphite. In theory any graphite material can produce graphene, but so far it has only been via a complicated and expensive process that reduces the thickness of graphite to less than 10 atoms in thickness, at which point the electrical and strength properties start behaving less like graphite and more like graphene for commercial use.

With so many graphite companies around they are all vying for attention – something to make them stand out from the pack. What better way than to throw the word “graphene” into an ASX release? However, a word of caution; it is highly unlikely that there is any mining company with the technology or the capability to produce graphene (with one glaring exception). Producing graphite is easy, but there has to be collaboration with external parties before graphene can be produced. As far as I have been able to deduce, they all have to go through an expensive and complicated process, or have such low yields as to be effectively uncommercial for the required bulk scale.

The exception to this is Talga Resources (TLG), which can produce high quality graphene in a single step, very low cost process. It can do this due to two unique factors. The first is the very high grade (25%) and the second is the mineralogy of the graphite orebody it will use as the feed material.

Talga is a graphite company, but it is also a graphene company. It has already produced small amounts from test work and it has sold samples to a German company.

Surprisingly perhaps, Talga's Nunasvaara orebody is not

the large flake style that the other graphite companies boast about. It has undergone a much lower intensity of metamorphism resulting in smaller, crystalline flakes that lend itself to a low cost processing method. The orebody is remarkably consistent in dimension and composition, with the geological unit extending for more than 30 km.

Drilling of a 1.2 km length has enabled the calculation of a 7.6 Mt JORC resource, but this is only tiny compared to the geological potential. The drill program currently underway will test another 7 km of the strike length, threatening a dramatic increase in the resource. Read the recent ASX releases.

#### *Why not have both?*

So, getting back to the question of whether we should be chasing graphite or graphene – there is upside in both. The graphite sector needs more producers but it is like any other sector of the mining industry. The best grades, with the best metallurgy, in the best locations and with the best management will progress to production. Most of the others will fall by the way as there is not enough room for all of them.

At this juncture only one of the graphite mining hopefuls can legitimately wear the graphene hat as well. Ninety percent of its product is likely to be graphite, but the remaining 10%, being graphene, could exceed the value of the graphite product several times over. Talga offers exposure to both an industrial product and high tech opportunity. You don't have to choose between graphite and graphene. You can have both in the one company.

*NB: Interest associated with the author are substantial shareholders in Talga Resources.*

#### *Anova – Junior Gold Stock with Excellent Fundamentals*

Following on from our exposition of prospective junior gold stocks last week, there is another one that needs to be on the watch list – Anova Metals (AWV). There is nothing exotic about this one though. The risk profile is much lower, there is virtually no capex involved, and it is operating in a safe, proven gold province in Nevada, USA.

A few years back Kimberley Rare Earths changed its name to Anova Metals and began searching for a project that could revive the Company's fortunes. It decided on the Big Springs gold project in Nevada, with resources of approximately one million ounces of gold. At the time, when the gold price was US\$1,650/oz, the price of \$6m cash and \$5m in paper seemed fair, but the fall in the gold price has left Anova's market capitalisation at only \$8.8m today.

The big appeal of the project was the high-grade core of 415,000 oz at 4.2 gpt that could be toll treated in a nearby mill, obviating the need for the usual capital expenditure budget. There is good infrastructure, low technical risk and a low operating cost environment in the USA.

Following 18 months of progress AWV now has a firm tolling agreement and a detailed production plan. In the first three years, commencing late Q1 in 2015, it plans to produce 140,000 of gold at all up cash costs of around US\$850/oz, including toll treatment costs of US\$600/oz. Net cash flow from operations at current gold prices is expected to be US\$12m in Year 1, rising by \$2-3 p.a. in each of the subsequent years. That places the shares on

a cash flow multiple of much less than 1x forecast cash generation.

At this point the mine life is only three years, but that is based on the first 140,000 oz of the 415,000 oz high-grade component. As in-fill drilling converts more of this to mineable reserves, it would not be difficult to see the recoverable ounces double and the life of the operation to extend to six years or more. All the ore systems are open at depth, suggesting further extensions to the mine life.

We should reasonably expect that the Company will need an additional \$5m to cover the \$2m in capital expenditure, infill and other drilling, but such is the quality of the project that debt funding is realistically achievable. Perhaps a \$3m equity injection would be sensible, so we should expect that at some point.

On the basis of an increase in issued shares to 300 million, on current economics, Big Springs has the potential to throw off 4-5¢ a share net cash flow for each of 3 to 6 years. Management, which controls about 30% of the issued capital, has declared it wants to pay out healthy dividends. If this was in the order of 50% of cash profit, we could be looking at 2¢ per share, sustainable for a number of years (though tax would kick in at some point). Thus we could be looking at a junior gold producer with the potential to yield 50% p.a. on the current share price. It has to be amongst the lowest risk gold price plays in the junior end of the market. You don't have to be a gold bull to see the fundamental value.

*NB: Interest associated with the author has been a shareholder in AWV for a number of years, and continues to be so.*

#### *Retiring from Executive Duties at Canaccord*

I am currently going through the motions of retiring from the chairmanship and executive duties at Canaccord Genuity Australia. The business started out as BGF Equities on April Fools Day in 2008, just before the onset of the GFC. For the seven initial employees it was a baptism of fire but due to the energy and enthusiasm of the team we succeeded and grew to the point that three years later Canaccord Genuity approached BGF to acquire a 50% shareholding, injecting substantial amounts of equity capital in the process. The passage of another three years has seen Canaccord Genuity Australia develop as a diversified mid-tier broker with a very strong deal flow across many sectors and staffing levels approaching 100 persons. By any measure it has been a remarkably successful venture.

Nevertheless, in the words of one of Australia's greatest test captains, Ian Chappell, it is best to move one when things are going well – when you are on top. I will be shortly be stepping back and returning to my Far East Capital roots where I can concentrate on writing independent commentary and looking for exceptional investment opportunities. After almost 40 years in the business it would be a shame to let the knowledge and contact base fall into disrepair so I will continue to be active. I will also continue to offer consulting services to Canaccord and work closely with the team. This Weekly Commentary will undergo some changes soon, but it will continue to be written and released to those who may find use for it.

**Sentiment Indicator:** The bulls managed to get nose in front again, over the past week, with 34% (30%) of the stocks are in uptrend and 32% (35%) in downtrend. It seems that the market is lacking high conviction either way.

### Detailed Chart Comments

*NB: Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant.*

Stock			Trend Comment (updated comments in bold)	Main Interest
All Ordinaries			Rising again, but pullback	
ABM Resources	ABU		Breached downtrend with 15:1 consolidation	gold exploration
Alacer Gold	AQG		<b>Testing support</b>	gold – production
Alicanto Minerals	AQI		Rising off lows	gold exploration
Alkane Resources	ALK		down	gold, zirconia
Alliance Resources	AGS		Recovering from lows	uranium
Acacia Resources	AJC		sideways	coal
African Energy	AFR		Bounce within a downtrend	coal
Alara Resources	AUQ		Secondary downtrend	zinc
Altona Mining	AOH		Breached downtrend	copper
Amex Resources	AXZ		down	iron sands
Anatolia Energy	AEK		Testing downtrend	uranium
Anova Metals	AWV		<b>breached downtrend</b>	gold
Ascot Resources	AZQ		Uptrend being tested	iron ore
Atlas Iron	AGO		Back to lows	iron ore
Attila Resources	AYA		<b>Testing downtrend</b>	coal
Atrum Coal	ATU		Heading down	coal
Aura Energy	AEE		higher	uranium
Aurelia Resources	AIM		<b>breached uptrend</b>	gold/base metals
Australian Bauxite	ABX		Breaching downtrend	bauxite
Avenco Resources	AVB		rising	copper
AWE	AWE		Breached uptrend	oil and gas
Azumah Resources	AZM		secondary downtrend	gold
BHP	BHP		Fallen to support line	diversified
Bandanna Energy	BND		Back to lows	coal
Bannerman Res.	BMN		suspended	uranium
Base Resources	BSE		Down	mineral sands
Bathurst Coal	BRL		New uptrend started, but needs confirmation	coal
BC Iron	BCI		New low	Iron ore
Beach Energy	BPT		Rising again	oil and gas
Beadell Resources	BDR		down I	gold
Berkeley Resources	BKY		Testing downtrend	uranium
Blackthorn Resources	BTR		Rising strongly – merger with Intrepid	zinc/copper
Buru Energy	BRU		Testing downtrend	oil
Carnegie Wave	CWE		sideways	wave energy
Cassini Resources	CZI		<b>New high</b>	Nickel/Cu expl.
Centaurus Metals	CTM		Surge out of downtrend, then a pullback	iron ore
Chalice Gold	CHN		sideways	gold
Chesser Resources	CHZ		Breaching downtrend	gold exploration
Cleveland Mining	CDG		Back into downtrend	gold
Consolidated Tin	CSD		rising	tin
Crusader Resources	CAS		rising	gold exploration
Cudoco	CDU		Still in downtrend	copper
Dacian Gold	DCN		uptrend	gold exploration
Doray Minerals	DRM		down	gold
Endeavour Mining	EVR		Testing uptrend	gold
Energy Resources	ERA		rising	uranium
Evolution Mining	EVN		Still in downtrend	gold
Finders Resources	FND		Back to trendline	copper
First Australian	FAR		rising	oil/gas
Fortescue Metals	FMG		breaching support line	iron ore
Galaxy Resources	GXY		Shallower uptrend	lithium
Gippsland	GIP		New low	tantalum
Gold Road	GOR		uptrend	gold exploration

Gryphon Minerals	GRY	Breached uptrend	gold
Havilah Resources	HAV	New low	copper
Highfield Resources	HFR	Breached uptrend	potash
Highlands Pacific	HIG	A less steep downtrend	copper, nickel
Hillgrove Resources	HGO	Slump below resistance line	copper
Hot Chili	HCH	Breached downtrend	copper
Iluka Resources	ILU	Breached steepest downtrend	mineral sands
Independence	IGO	Sideways in uptrend	gold, nickel
Indochine Mining	IDC	Breached ST uptrend	gold
Investigator Res.	IVR	Back to downtrend	silver
Jameson Resources	JAL	Sideways through downtrend line	coal
Karoon Gas	KAR	rising	gas
Kasbah Resources	KAS	New low	tin
KBL Mining	KBL	rising	copper/gold/zinc
Kibaran Resources	KNL	Short term down	graphite
Kimberley Diamonds	KDL	Bounced from lows	diamonds
Kingsgate	KCN	Breached ST uptrend	gold
Kingsrose Mining	KRM	Rising gently	gold
Lamboos Resources	LMB	Testing uptrend	graphite
Laramide Resources	LAM	Testing downtrend	uranium
Lucapa Diamond	LOM	uptrend	diamonds
Lynas Corp.	LYC	New low	rare earths
Macphersons Res.	MRP	Testing downtrend	silver
Medusa Mining	MML	Breaching uptrend	gold
MetalsX	MLX	Holding uptrend	tin, gold
Metminco	MNC	down	copper
Middle Island	MDI	Breached downtrend	gold exploration
Mincor Resources	MCR	weaker	nickel
Minera Gold	MIZ	sideways	gold
Mount Gibson	MGX	Back to lows	iron ore
Northern Minerals	NTU	Breached downtrend	REE
Northern Star Res.	NST	Heavy pullback	gold
Norton Gold Fields	NGF	Rising gently	gold
Oceana Gold	OGC	down	gold
Oklo Resources	OKU	sideways	gold expl.
OM Holdings	OMH	Strong surge	manganese
Orbis Gold	OBS	Breached downtrend	gold expl'n
Orinoco Gold	OGX	<b>Breached uptrend</b>	gold expl'n
Orocobre	ORE	Strong rise,	lithium
Orpheus Energy	OEG	down	coal
Oz Minerals	OZL	Breached downtrend	copper
Paladin Energy	PDN	New uptrend starting	uranium
Pacifico Minerals	PMY	sideways	gold exploration
Pacific Niugini	PNR	down	gold
PanAust	PNA	Surge on bid	copper/gold
Pancontinental Pet.	PCL	rising	oil/gas expl.
Panoramic Resources	PAN	Testing downtrend	nickel
Panterra Gold	PGI	Strong rise from lows	gold production
Paringa Resources	PNL	Rising again	coal
Peel Mining	PEX	New low	copper
Peninsula Energy	PEN	rising	uranium
Perseus Mining	PRU	Breached downtrend	gold
Platina Resources	PGM	Surge higher	PGMs, gold
Red Mountain	RMX	Down	gold exploration
Regal Resources	RER	Breached downtrend	copper
Regis Resources	RRL	Recovering within downtrend	gold
Renaissance Min.	RNS	Breached downtrend	gold
Resolute Mining	RSG	Down again	gold
Rex Minerals	RXM	Downtrend again	copper
RIO	RIO	Breached ST downtrend	diversified
RNI	RNI	ST down	Copper expl.
Robust Resources	ROL	Steep rise	zinc/lead
RTG Mining	RTG	rising	gold expl.
Saracen Minerals	SAR	Breakout higher	gold
St Barbara	SBM	<b>Rising off lows</b>	gold
Sandfire Resources	SFR	Testing downtrend	copper
Santos	STO	Breached downtrend	oil/gas

Senex Energy	SXY	down	oil/gas
Sheffield Resources	SFX	uptrend	mineral sands
Silver Lake Resources	SLR	Testing downtrend	gold
Sino Gas & Energy	SEH	rising	gas
Sirius Resources	SIR	rising	nickel expl.
South Boulder	STB	Breached downtrend	potash
Sthn Hemisphere	SUH	rising	copper
Stavely Minerals	SVY	Vertical uptrend	Copper
Strike Energy	STX	down	gas
Sunbird Energy	SNY	Bouncing off low	gas/CBM
Sundance Energy	SEA	Rising strongly	oil/gas
Syrah	SYR	correcting	graphite
Talga Resources	TLG	Back to highs	graphene
Tap Oil	TAP	Strongly higher	oil/gas
Tawana Resources	TAW	Breached downtrend	iron ore
Tiger Resources	TGS	down	copper
Tigers Realm	TIG	Returned to downtrend	coal
Trafford Resources	TRF	Forming a base	tin exploration
Triton Minerals	TON	Surge then heavy correction	graphite
Troy Resources	TRY	Back into downtrend	gold/silver
UraniumSA	USA	Secondary downtrend	uranium
Venture Minerals	VMS	New low	tin, iron
Westwits	WWI	Back to lows	gold exploration
Western Areas	WSA	breached uptrend	nickel
World Titanium Res.	WTR	heavy slump	mineral sands
Totals	34%	49 Uptrend	
	32%	46 Downtrend	
		144 Total	

#### Split of Companies Amongst Commodities (approx.)

Gold	33 (22%)
Copper	20 (14%)
Oil/gas	13 (9%)
Uranium	11 (7.7%)
Coal	10 (7%)
Gold exploration	11 (7.7%)
Iron ore	7 (5%)
Tin	5 (3.5%)
Graphite	5 (3.5%)
Nickel	5 (2.8%)
Zinc	2 (1.4%)
Diamonds	2 (1.4%)
Silver	2 (1.4%)
Other	<u>20</u>
Total	144

#### Guides to Chart Interpretations

- Charts usually go pass from one trend (up or down) into the other via a period of indecision and uncertainty during which the trend can either recover or change. This period is signified by the orange colour. The orange represent both the greatest risk and greatest reward possibilities.
- Once a chart is in confirmed up or downtrends it is not uncommon for 10-20% of that trend to have already transpired.
- There are trends within trends. The focus of this chart review is the immediate trend that affects the sentiment i.e. it can be a downtrend within a long-term uptrend.
- Not every chart warrants a new comment every week. The new comments are in bold type. Grey type comments may be dated.
- Individual charts provide a single view. It is valuable to look at charts of other companies in similar commodities, and the overall sentiment is also very valuable. Not many stocks can swim against the tide.
- We periodically add or delete charts, some times for obscure reasons. If a chart consistent gives poor signals or is very erratic, we may delete it. Sometimes we add a chart because we want to see what all the fuss is about. We do have a preference for charting stocks that we cover in our research as well.
- Errors and omissions may occur from time to time, especially in fast moving markets.

Amber Lights in Tables: Just a reminder if when the amber light is used in the table – it is when the charts are ambiguous or when there is a change of trend taking place. If a chart is breaching a downtrend it can either be a positive sign or a trap. Only once it has done more work can it be confirmed as a new uptrend. Maybe it is a new uptrend (or conversely a new downtrend); the risk takers can decide to jump on board early (or sell). They will maximise their profits

(or minimise their losses if indeed it is the start of the new uptrend (downtrend). More risk-averse investors should wait a little longer, being prepared to give up some of the gains in return for greater certainty.

**APPENDIX: IMPORTANT DISCLOSURES**

**Analyst Certification:** Each authoring analyst of Canaccord Genuity whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst’s personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst’s coverage universe and (ii) no part of the authoring analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.  
 Analysts employed outside the US are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity Inc. and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

**Compendium Report:** If this report covers six or more subject companies, it is a compendium report and Canaccord Genuity and its affiliated companies hereby direct the reader to the specific disclosures related to the subject companies discussed in this report, which may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures.canaccordgenuity.com/EN/Pages/default.aspx>; or by sending a request to Canaccord Genuity Corp. Research, Attn: Disclosures, P.O. Box 10337 Pacific Centre, 2200-609 Granville Street, Vancouver, BC, Canada V7Y 1H2; or by sending a request by email to [disclosures@canaccordgenuity.com](mailto:disclosures@canaccordgenuity.com). The reader may also obtain a copy of Canaccord Genuity’s policies and procedures regarding the dissemination of research by following the steps outlined above.

**Distribution of Ratings:  
Global Stock Ratings  
(as of 31 March 2014)**

Rating	Coverage Universe		IB Clients	
	#	%		%
Buy	580	58.7%		37.1%
Speculative Buy	43	4.4%		55.8%
Hold	317	32.1%		13.2%
Sell	45	4.6%		4.4%
	988*	100.0%		

\*Total includes stocks that are Under Review

**Canaccord Genuity Ratings System:**

**BUY:** The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.  
**HOLD:** The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.  
**SELL:** The stock is expected to generate negative risk-adjusted returns during the next 12 months.  
**NOT RATED:** Canaccord Genuity does not provide research coverage of the relevant issuer.  
 “Risk-adjusted return” refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

**Risk Qualifier:**

**SPECULATIVE:** Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

**Canaccord Genuity Research Disclosures as of 12 September 2014**

Company	Disclosure
Anova Metals	8
Talga Resources	3, 8
1	The relevant issuer currently is, or in the past 12 months was, a client of Canaccord Genuity or its affiliated companies. During this period, Canaccord Genuity or its affiliated companies provided the following services to the relevant issuer: A. investment banking services. B. non-investment banking securities-related services. C. non-securities related services.
2	In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Corporate Finance/Investment Banking services from the relevant issuer.
3	In the past 12 months, Canaccord Genuity or any of its affiliated companies have been lead manager, co-lead manager or co-manager of a public offering of securities of the relevant issuer or any publicly disclosed offer of securities of the relevant issuer or in any related derivatives.
4	Canaccord Genuity acts as corporate broker for the relevant issuer and/or Canaccord Genuity or any of its affiliated companies may have an agreement with the relevant issuer relating to the provision of Corporate Finance/Investment Banking services.
5	Canaccord Genuity or one or more of its affiliated companies is a market maker or liquidity provider in the securities of the relevant issuer or in any related derivatives.
6	In the past 12 months, Canaccord Genuity, its partners, affiliated companies, officers or directors, or any authoring analyst involved in the preparation of this research has provided services to the relevant issuer for remuneration, other than normal course investment advisory or trade execution services.
7	Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Corporate Finance/Investment Banking services from the relevant issuer in the next six months.
8	The authoring analyst, a member of the authoring analyst’s household, or any individual directly involved in the preparation of this research, has a long position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity increases.
9	The authoring analyst, a member of the authoring analyst’s household, or any individual directly involved in the preparation of this research, has a short position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity decreases.
10	Those persons identified as the author(s) of this research, or any individual involved in the preparation of this research, have purchased/received shares in the relevant issuer prior to a public offering of those shares, and such person’s name and details are disclosed above.
11	A partner, director, officer, employee or agent of Canaccord Genuity or its affiliated companies, or a member of his/her household, is an officer, or director, or serves as an advisor or board member of the relevant issuer and/or one of its subsidiaries, and such person’s name is disclosed above.

12	As of the month end immediately preceding the date of publication of this research, or the prior month end if publication is within 10 days following a month end, Canaccord Genuity or its affiliated companies, in the aggregate, beneficially owned 1% or more of any class of the total issued share capital or other common equity securities of the relevant issuer or held any other financial interests in the relevant issuer which are significant in relation to the research (as disclosed above).
13	As of the month end immediately preceding the date of publication of this research, or the prior month end if publication is within 10 days following a month end, the relevant issuer owned 1% or more of any class of the total issued share capital in Canaccord Genuity or any of its affiliated companies.
14	Other specific disclosures as described above.

“Canaccord Genuity” is the business name used by certain wholly owned subsidiaries of Canaccord Genuity Group Inc., including Canaccord Genuity Inc., Canaccord Genuity Limited, Canaccord Genuity Corp., and Canaccord Genuity (Australia) Limited, an affiliated company that is 50%-owned by Canaccord Genuity Group Inc.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Corp. a Canadian broker-dealer with principal offices located in Vancouver, Calgary, Toronto, Montreal, or Canaccord Genuity Inc., a US broker-dealer with principal offices located in Boston, New York, San Francisco and Houston, or Canaccord Genuity Limited., a UK broker-dealer with principal offices located in London and Edinburgh (UK), or Canaccord Genuity (Australia) Limited, an Australian broker-dealer with principal offices located in Sydney and Melbourne.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Corp. a Canadian broker-dealer with principal offices located in Vancouver, Calgary, Toronto, Montreal, or Canaccord Genuity Inc., a US broker-dealer with principal offices located in New York, Boston, San Francisco and Houston, or Canaccord Genuity Limited., a UK broker-dealer with principal offices located in London (UK) and Dublin (Ireland), or Canaccord Genuity (Australia) Limited, an Australian broker-dealer with principal offices located in Sydney and Melbourne.

Canaccord Genuity and its affiliated companies may have a Corporate Finance/Investment Banking or other relationship with the issuer that is the subject of this research and may trade in any of the designated investments mentioned herein either for their own account or the accounts of their customers, in good faith or in the normal course of market making. Accordingly, Canaccord Genuity or their affiliated companies, principals or employees (other than the authoring analyst(s) who prepared this research) may at any time have a long or short position in any such designated investments, related designated investments or in options, futures or other derivative instruments based thereon.

Some regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of research. This research has been prepared in accordance with Canaccord Genuity’s policy on managing conflicts of interest, and information barriers or firewalls have been used where appropriate. Canaccord Genuity’s policy is available upon request.

The information contained in this research has been compiled by Canaccord Genuity from sources believed to be reliable, but (with the exception of the information about Canaccord Genuity) no representation or warranty, express or implied, is made by Canaccord Genuity, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Genuity has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Canaccord Genuity’s judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

Canaccord Genuity’s salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desk that reflect opinions that are contrary to the opinions expressed in this research. Canaccord Genuity’s affiliates, principal trading desk, and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

This research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this research may not be eligible for sale in some jurisdictions. This research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Genuity, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this research.

**For Canadian Residents:** This research has been approved by Canaccord Genuity Corp., which accepts sole responsibility for this research and its dissemination in Canada. Canadian clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Corp. in their particular province or territory.

**For United States Residents:** Canaccord Genuity Inc., a US registered broker-dealer, accepts responsibility for this research and its dissemination in the United States. This research is intended for distribution in the United States only to certain US institutional investors. US clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Inc. Analysts employed outside the US, as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity Inc. and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

**For United Kingdom and European Residents:** This research is distributed in the United Kingdom and elsewhere Europe, as third party research by Canaccord Genuity Limited, which is authorized and regulated by the Financial Conduct Authority. This research is for distribution only to persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment Professionals) and 49(2) (High Net Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom or elsewhere in Europe to retail clients, as defined under the rules of the Financial Conduct Authority.

**For Jersey, Guernsey and Isle of Man Residents:** This research is sent to you by Canaccord Genuity Wealth (International) Limited (CGWI) for information purposes and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This research has been produced by an affiliate of CGWI for circulation to its institutional clients and also CGWI. Its contents have been approved by CGWI and we are providing it to you on the basis that we believe it to be of interest to you. This statement should be read in conjunction with your client agreement, CGWI’s current terms of business and the other disclosures and disclaimers contained within this research. If you are in any doubt, you should consult your financial adviser. CGWI is licensed and regulated by the Guernsey Financial Services Commission, the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission. CGWI is registered in Guernsey and is a wholly owned subsidiary of Canaccord Genuity Group Inc.

**For Australian Residents:** This research is distributed in Australia by Canaccord Genuity (Australia) Limited ABN 19 075 071 466 holder of AFS Licence No 234666. To the extent that this research contains any advice, this is limited to general advice only. Recipients should take into account their own personal circumstances before making an investment decision. Clients wishing to effect any transactions in any financial products discussed in the

**For Singapore Residents:**

research should do so through a qualified representative of Canaccord Genuity (Australia) Limited. Canaccord Genuity Wealth Management is a division of Canaccord Genuity (Australia) Limited.

This research is distributed pursuant to 32C of the Financial Advisers under an arrangement between each of the Canaccord Genuity entities that publish research and Canaccord Genuity Singapore Pte. Ltd who are an exempt financial adviser under section 23(1)(d) of the Financial Advisers Act. This research is only intended for persons who fall within the definition of accredited investor, expert investor or institutional investor as defined under section 4A of the Securities and Futures Act It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity Singapore Pte. Ltd. (Contact Person: Tom Gunnensen's tel # is +852 3919 2561) in respect of any matters arising from, or in connection with, the [analyses or report].

**For Hong Kong Residents:**

This research is distributed in Hong Kong by Canaccord Genuity (Hong Kong) Limited who is licensed by the Securities and Futures Commission. This research is only intended for persons who fall within the definition of professional investor as defined in the Securities and Futures Ordinance. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity (Hong Kong). Ltd. (Contact Person: Tom Gunnensen's tel # is +852 3919 2561) in respect of any matters arising from, or in connection with, the research.

Additional information is available on request.

Copyright © Canaccord Genuity Corp. 2014. – Member IIFOC/Canadian Investor Protection Fund

Copyright © Canaccord Genuity Limited 2014. – Member LSE, authorized and regulated by the Financial Conduct Authority.

Copyright © Canaccord Genuity Inc. 2014. – Member FINRA/SIPC

Copyright © Canaccord Genuity (Australia) Limited 2014. – Participant of ASX Group, Chi-x Australia and of the NSX. Authorized and regulated by ASIC.

All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Canaccord Genuity Corp., Canaccord Genuity Limited, Canaccord Genuity Inc. or Canaccord Genuity Group Inc. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of the entities listed above.

---