

RESOURCE CAPITAL GOLD CORP.

Equity Research

March 3rd, 2017

SPECULATIVE BUY

Price Target \$1.00
Share Price \$0.19

52-week range	\$0.02 - \$0.35
Market capitalisation	\$23.4m
Shares Outstanding	123.4m
Warrants (exercise \$0.30, exp. Oct. 12, 2018)	25.0m
Enterprise Value	\$21.1m
Major Shareholders:	
Gary Lewis	14%
Eric Sprott	12%
LTL Capital	6%
Terra Capital	4%
Regal Funds Management	4%

	2016A	2017E	2018E	2019E
Gold Production oz	-	18,985	28,125	48,076
AISC US\$/oz	-	520	581	633
EBITDA C\$m	(0.39)	18.0	29.0	78.6
EV/EBITDA	x Nm	1.2x	0.7x	0.3x
Net Income C\$m	(7.9)	17.6	26.4	56.3
P/E	x nm	nm	1.0x	0.5x



Resource Capital Gold Corp. is an emerging precious-metals developer and producer with a pipeline of late-stage exploration, development and producing gold-silver assets in North America.

Research Analyst: J-François Bertincourt

Initiation of Coverage

Imminent Gold Production: Following recapitalisation of the company and change of board and management, RCG is on track to deliver gold production at a rate of 30,000 ounces per annum from its very high grade Dufferin gold mine in Nova Scotia. The project is significantly de-risked, with a 300 tpd gravity and flotation plant in place and limited capital requirement for the restart of gold production. The Dufferin mine is fully permitted and has all the necessary ancillary infrastructure in place. The company is currently pouring gold as part of the recommissioning of the plant.

Most of the Dufferin C\$10m restart capex has already been spent without the need to raise debt. Furthermore when combined with the very high and coarse nature of the gold mineralisation, this obviously results in strong economic results as estimated by IRR and NPV.

Roll-Up Strategy: RCG has acquired two other high grade gold projects in the vicinity of Dufferin and will leverage those using either the Dufferin mill or some other treatment infrastructure yet to be acquired or developed.

Acquisition Opportunities: Board and management continue to look for acquisition opportunities, i.e. high grade advanced mineral resource projects with minimum capital requirement to start or restart operation and lowest quartile operating costs.

Board and Management team have a successful track record in mine development, operation and company turnaround. The team has been extremely successful in acquiring a number of quality assets with low upfront acquisition costs and a limited number of shares issued.

Tight capital structure and register: RCG has only 123 million shares on issue and the Board of Directors and management own 28.3% of the company. Eric Sprott has recognised the investment opportunity offered by the company and has acquired a significant interest with 12.2% of RCG. Top 5 shareholders represent 40%.

Strong news flow is expected in the next three months: We anticipate several share price catalysts during March-April-May 2017 including the restart of gold ore processing and mining at Dufferin and the results of PEA studies for both the Tangier and Forest Hill projects.

Valuation: Our risk adjusted valuation is essentially based on the NPV of Dufferin and Tangier. As the company delivers on its plan and strategy, RCG should experience a tremendous value uplift, towards a price target of \$1.00, resulting in a market capitalisation of \$123 million.

Peer Comparison: This price target is supported by RCG closest peer, Pantoro Ltd (ASX: PNR), which produced 28,226 oz of gold at AISC of US\$949/oz in calendar year 2016 from its high grade Nicolson's underground mine in Western Australia and has a current market capitalisation of \$167 million.

FINANCIAL SUMMARY

Resource Capital Gold Corp		TSX-V: RCG		Year End: June		Date: 3/03/2017		
Market Information				Unit	Amount			
Share Price		C\$			0.19			
Market Capitalisation		C\$m			23.4			
Enterprise Value		C\$m			21.1			
12 Month Hi-Lo		C\$			0.35 - 0.02			
Issued Capital		m			123.4			
Warrants (exerc. \$0.30, exp. Oct 12, 18)		m			25.0			
Fully Diluted		m			148.4			
Valuation		Method	C\$m	Risk Adj.	A\$/share			
Dufferin (90%)		NPV @ 10%	122.4	75%	0.74			
Tangier (90%)		NPV @ 10%	119.3	30%	0.29			
Forest Hill (90%)		Estimate	3.4		0.02			
Corcoran Canyon (80%)		Estimate	5.7		0.04			
Exploration		-	-		-			
Corporate/Acq. costs		(18.2)			(0.12)			
Debt		(0.1)			(0.00)			
Cash (31 Dec 2016)		2.5			0.02			
Total NAV/ Price Target					0.99			
Potential return					420%			
Assumptions		2016a	2017e	2018e	2019e			
Gold Price (US\$/oz)		1,167	1,254	1,230	1,230			
Silver Price (US\$/oz)		15.4	18.1	17.8	17.8			
C\$:US\$ FX rate		0.75	0.75	0.75	0.75			
Production Metrics		2016a	2017e	2018e	2019e			
Dufferin (90%), Tangier (90%)								
Throughput (kt)		-	54.0	108.0	162.0			
Gold Grade (g/t)		-	13.5	10.0	11.1			
Gold Production (oz)		-	18,985	28,125	48,076			
Cash Costs (US\$/oz)		-	415	383	383			
AISC (US\$/oz)		-	520	582	633			
Gold Resources		K Tonnes	Au g/t	Ounces				
Dufferin								
Mineral Resources	Measured							
NI 43-101 compliant	Indicated	151.5	11.9	58,000				
(Dec 2016)	Inferred	703.9	6.6	149,400				
	Total	855.4	7.5	207,400				
Tangier								
Mineral Resources	Indicated	206.0	7.23	47,900				
NI 43-101 compliant	Inferred	479.0	9.68	149,100				
(Sep 2004)	Total	685.0	8.9	197,000				
Forest Hill								
Mineral Resources	Indicated	225.0	14.91	107,900				
NI 43-101 compliant	Inferred	383.0	11.93	146,900				
(Sep 2005)	Total	608.0	13.03	254,800				
Silver Resources		K Tonnes	Ag g/t	Ounces				
Corcoran Canyon								
Mineral Resources	M + I	1,540.0	195.6	9,684,600				
Non NI 43-101 compliant	Inferred	2,160.0	300.0	20,833,700				
(2015)	Total	3,700.0	256.5	30,518,300				
EV/Resource				\$19/oz Au Eq.				
Directors & Management								
Gary Lewis		Chairman						
George Young		Chief Executive Officer & Director						
Dr. Mike Nelson		Non-Executive Director						
Michael Gross		Chief Operating Officer						
Jack Cartmel		Chief Financial Officer						
Dr. Clyde Smith		Vice President of Exploration						
David Smith		Vice President of Corporate Development						
Substantial Shareholders		Shares (m)	%					
Gary Lewis		17.4	14%					
Eric Sprott		15.0	12%					
LTL Capital		7.5	6%					
Terra Capital		4.9	4%					
Regal Funds Management		4.9	4%					
Company Description								
Resource Capital Gold is an emerging precious metals developer and producer with a pipeline of late-stage exploration, development and								
Profit & Loss (C\$m)		2016a	2017e	2018e	2019e			
Revenue		-	30.0	44.1	109.4			
Operating Costs		(0.27)	(9.5)	(11.9)	(24.4)			
Royalties		-	-	-	0.7			
Corporate & Overheads		(0.12)	(1.5)	(1.2)	(3.7)			
Exploration (Expensed)		-	(1.0)	(2.0)	(2.0)			
EBITDA		(0.39)	18.0	29.0	78.6			
Depreciation		(0.01)	(0.5)	(1.0)	(3.3)			
EBIT		(0.38)	18.5	28.0	75.3			
Net Interest		(0.00)	-	0.3	0.8			
Tax		-	-	(2.0)	(19.8)			
NPAT		(7.95)	17.6	26.4	56.3			
Abnormals		(7.56)	-	-	-			
NPAT (reported)		(7.95)	17.6	26.4	56.3			
Cash Flow (C\$m)		2016a	2017e	2018e	2019e			
Cash Receipts		-	30.0	44.1	109.4			
Cash paid to suppliers &		-	(9.8)	(11.9)	(24.4)			
Tax Paid		-	-	(2.0)	(19.8)			
Operating Cash Flow		(0.10)	20.2	30.2	65.2			
Exploration and Evaluation		-	(1.0)	(4.0)	(4.0)			
Capex		-	(9.0)	(15.8)	(17.8)			
Other		(0.44)	(2.9)	-	-			
Investing Cash Flow		(0.44)	(12.9)	(19.8)	(21.8)			
Debt Drawdown (repaym)		(0.38)	-	-	-			
Share Capital		0.93	6.0	-	7.5			
Dividends		-	-	-	-			
Financing Income/Exp.		(0.01)	(0.3)	-	(0.4)			
Other		-	-	-	-			
Financing Cash Flow		0.55	5.7	-	7.1			
Opening Cash		0.00	0.0	12.9	23.4			
Increase / (Decrease)		0.01	12.9	10.4	50.5			
FX Impact		-	-	-	-			
Closing Cash		0.01	12.9	23.4	73.9			
Balance Sheet (C\$m)		2016a	2017e	2018e	2019e			
Cash		0.01	12.9	23.4	74.6			
Other current assets		0.34	7.2	10.6	26.3			
Current Assets		0.35	20.1	33.9	100.9			
Property, Plant & Equip.		0.00	8.5	23.4	38.0			
Exploration & Develop.		0.26	0.3	2.3	4.3			
Other Non-current Asset		0.18	0.5	0.6	1.3			
Payables		0.47	2.4	3.5	19.7			
Short Term Debt		0.13	0.1	0.1	0.1			
Long Term Debt		2.78	-	-	-			
Other Liabilities		0.04	5.9	9.2	13.4			
Net Assets		(2.64)	20.9	47.3	111.1			
Shareholders Funds		15.06	21.1	21.1	28.6			
Reserves		0.95	0.9	0.9	0.9			
(Losses)/Earnings		(18.28)	(0.7)	25.7	82.0			
Total Equity		(2.64)	20.9	47.3	111.1			
Ratios & Multiples		2016a	2017e	2018e	2019e			
EBITDA Margin		nm	60%	66%	72%			
EV/EBITDA		nm	1.2x	0.7x	0.3x			
Op. Cashflow/Share		\$0.00	\$0.16	\$0.20	\$0.44			
P/CF		nm	1.2x	0.9x	0.4x			
EPS		\$0.00	\$0.00	\$0.19	\$0.38			
EPS Growth		nm	nm	nm	95%			
PER		nm	nm	1.0x	0.5x			
Dividend Per Share		\$0.00	\$0.00	\$0.00	\$0.00			
Dividend Yield		0%	0%	0%	0%			
ROE		302%	84%	56%	51%			
ROIC		-2%	88%	124%	195%			
Debt/Equity		nm	0%	0%	0%			
Net Interest Cover		nm	nm	nm	nm			
Book Value/share		nm	\$0.17	\$0.32	\$0.75			
Price/Book Value		nm	1.1x	0.6x	0.3x			

Source: Terra Studio

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1. RCG Valuation

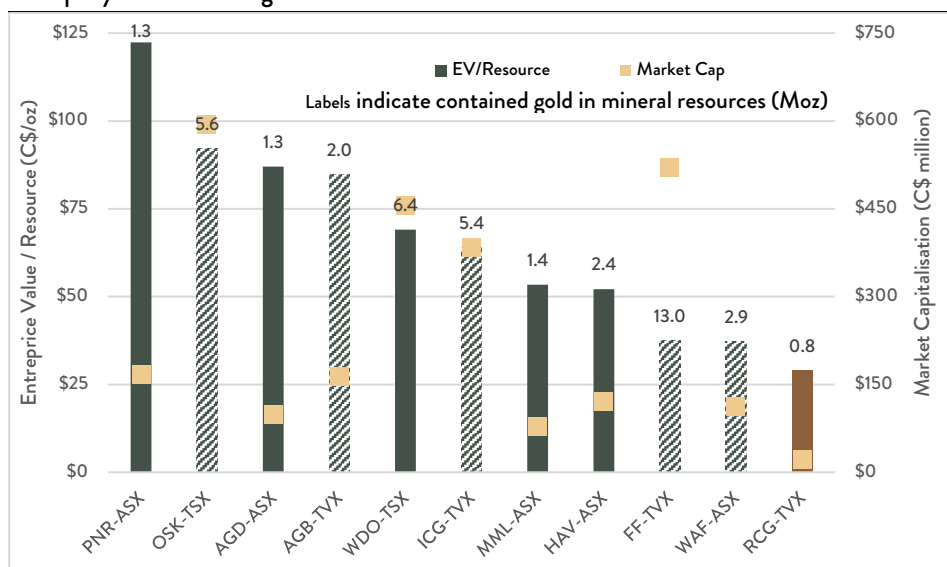
Refer to the Financial Summary. Other key assumptions of the financial model are as follows:

- Throughput: 108,000 tpa
- Head grades: 10g/t Au and 2g/t Ag
- Recoveries: 90% for gold and 80% for silver
- Mining costs: \$105/t
- Processing costs: \$17/t
- General and administration costs: \$21/t
- \$10 million of tax losses

The financial model assumes the exercise of the 25 million warrants (issued as part of the August 2016 placement with a maturity of 24 months) in FY 2018, bringing C\$7.5 million cash to the company and increasing the number of fully paid ordinary shares to 148,354,042.

From a different perspective, a comparison with a number of selected peers indicates what market valuation RCG is likely to attract once it delivers on its operational plan and strategy.

Company Benchmarking



The three ASX-listed gold producers: AGD, HAV and PNR provides a good indication of RCG's potential valuation

Source: SNL Mining & Metals, Terra Studio. Gold producers are in solid bars

Ticker	Company	Mkt cap	Key Project	Location	Note
PNR-ASX	Pantoro	\$167m	Nicolsons	West. Australia	28,226 oz produced in 2016 @ AISC US\$949/oz
OSK-TSX	Osisko Mining	\$611m	Windfall	Quebec	Resource drilling/definition
AGD-ASX	Austral Gold	\$97m	Guanaco	Chile	44,474 oz produced in 2016 @ AISC US\$872/oz
AGB-TVX	Atlantic Gold	\$175m	Touquoy	Nova Scotia	Construction for 87,000 ozpa @ AISC US\$518/oz
WDO-TSX	Wesdome Gold	\$473m	Eagle River	Ontario	47,737 oz produced in 2016 @ AISC US\$1,289/oz
ICG-TVX	Integra Gold	\$407m	Triangle, Sigma	Quebec	Development & PEA
MML-ASX	Medusa Mining	\$80m	Co-O	Philippines	85,916 oz produced in 2016 @ AISC US\$1217/oz
HAV-ASX	Havilah Resources	\$122m	Portia, Kalkaroo	South Australia	10,000 oz (attributable) produced over 9 months
FF-TVX	First Mining	\$569m	Various	Canada, Mex., US	Large resource base across multiple projects
WAF-ASX	West African Res.	\$121m	Sanbrado	Burkina Faso	Feasibility Study 150,000ozpa @ US\$708/oz first 3 years
RCG-TVX	Res. Cap. Gold	\$24m	Dufferin	Nova Scotia	30,000ozpa @ AISC US\$578/oz on restart

2. RCG Strategy

Resource Capital Gold Corp., seeks to become a near-term producer via a staged roll-out of its recently acquired four historically producing gold projects, in Nova Scotia, Canada. Key focus of the business is:

- Acquisition of high-grade gold projects with minimal capital injections
- First quartile cost of production, i.e. sub-US\$500 per ounce.
- Production of 120,000 ounces gold per annum, from its existing four gold projects as it ramps up production and development.
- Seek additional gold acquisitions within Nova Scotia.

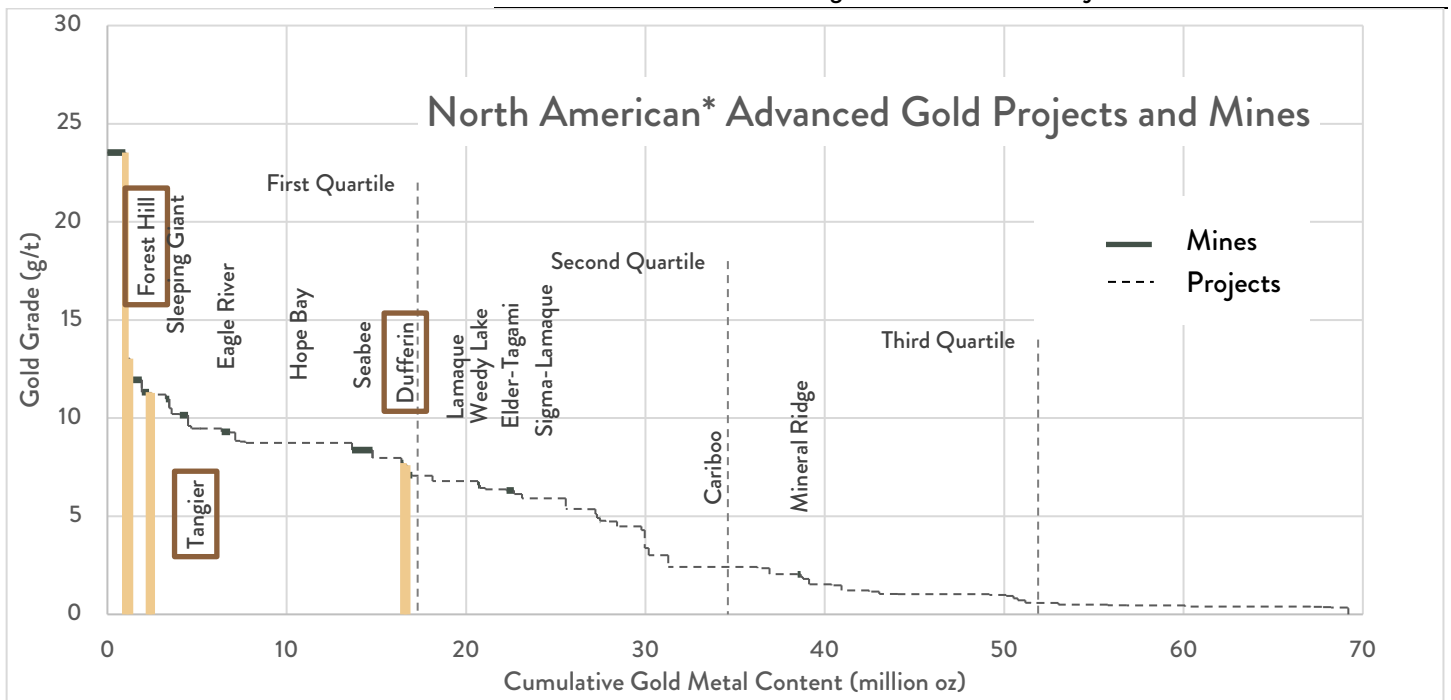
RCG board continues to assess transactions within its existing portfolio as well as the acquisition of new assets, that will enhance shareholder value.

Production and Cashflow

Resource Capital Gold Corp. or RCG has acquired four historically producing gold/silver projects, containing in excess of 700,000 ounces of gold in high grade mineral resources.

All three RCG's gold projects are in the first quartile in terms of gold grade, when compared to 70 North American advance gold projects

Mineral Resource Benchmarking of the RCG's Gold Projects



Source: SNL Mining & Metals, Terra Studio. * Canada, Mexico and USA, 70 projects either operating or in pre-feasibility study or more advanced.

Among the projects acquired, Dufferin is a fully permitted, operational gold mine, expected to resume operations in March-April 2017. The mine is expected to produce in excess of 30,000 oz of gold per annum.

“Roll-Up”

Once in production, RCG strategy is to use Dufferin as a central processing facility to treat ore from surrounding deposits. The cash flow generated by the restart of operations at Dufferin will assist the development of West Dufferin, Tangier and Forest Hill.

Significant value to be created as successive high grade mines are coming into production

The production target is expected to reach in excess of 120,000 ounces per year from the combined four mines from 2019.

Future development activities and plans

Beyond Forest Hill and Tangier, RCG remains on the lookout for additional advanced mineral resource projects to add value to the company.

RCG management is also on the lookout for processing facilities in the area.

3. RCG History

On 26 October 2010, Reliance Resources Limited, an unlisted Australian public company with exploration assets in Indonesia, signs a Letter of Intent (LOI) with Golden Peaks Resources Limited (TSX: GL) whereby Golden Peaks proposed to acquire 100% of Reliance in exchange for 57.5m GL shares. This transaction resulted to a reverse takeover, given that Reliance shareholders would hold 57% of the outstanding shares in Golden Peaks.

On 29 November 2010, TSX approves the acquisition of Reliance by Golden Peaks. The name of the resulting company is changed to Reliance Resources Limited.

In March 2013, board and management changes whereby previous executives of Golden Peaks who were running Reliance, step down and George Young is appointed as CEO and Director. The focus is turned to securing precious metal assets in North America.

For the next two years, as equity markets turned south, particularly for small-cap explorers, Reliance minimised its cash burn and kept its Indonesian assets in care and maintenance, while the company was being funded by loans from business interests associated with the company's largest shareholder, Mr. Gary Lewis.

In September 2015, Reliance embarked on a restructure whereby it roll-backed its shares on a 1:5 basis, changed its name to Resource Capital Gold Corp., (TSX-V: RCG) and focused the business solely on North American precious metal assets. Mr. Lewis converted a portion of his debt to equity and set about recapitalising RCG through a series of financings out of Australia.

On 5 January 2016, RCG announced the acquisition of the Corcoran Canyon project, a transaction made on very favourable terms, which allowed the Company to acquire an advanced, high-grade silver asset with an existing resource in place, while keeping its capital structure intact. The purchase price was US\$2.6 million to earn an 80% interest, and two million shares of RCG.

In October 2016, RCG completed the acquisition of Dufferin for a total of US\$1.5 million up-front price (US\$9.5 million in total), a previously producing high grade underground gold mine in Nova Scotia in proximity with a number of other high grade previously producing assets, and with an existing mill and mineable resource ready to be reconditioned and placed into production. The ownership of Dufferin is currently 90% RCG and 10% a private company controlled by Gary Lewis.

West Dufferin, Tangier and Forest Hill mines acquired shortly thereafter, with a PEA filed on Dufferin calling for the production of 216,000 ounces, and historic resources of over 500,000 ounces contained in Tangier and Forest Hill.

Under the stewardship of the company's CEO, Mr. George Young, and the support of RCG's largest shareholder, Mr. Gary Lewis, RCG has managed to rebuild its business into a near-term cash producer, while keeping equity financings to a minimum. Currently the company has only 123.4 million shares outstanding.

4. Dufferin Gold Mine Restart, Nova Scotia

The Dufferin Mine is a high-grade underground gold mine and fully permitted mill in Nova Scotia, Canada, with historic and recent production, a planned near-term restart, and potential for extensive expansion.

RCG is preparing to commence milling operations beginning with stockpiled materials followed by the restart of mining operations in early 2017.

Dufferin Aerial View of Mine Site Infrastructure



Source: RCG

Readily available infrastructure

About Dufferin

The project is accessible by gravel road 25 km from Sheet Harbour in southeastern Nova Scotia, about 135 km northeast of Halifax.

Easy access

The Dufferin project comprises 1683 hectares in 104 mineral claims that are all in good standing. The property contains +14 east-west trending "saddle reef" quartz vein structures, situated in a vertical assemblage, each hosting free milling gold. These saddle reef structures are open at depth and along strike for over 1.4 km, and with the addition of the West Dufferin property, will have a total strike length of 4.7 km.

Significant exploration upside

The mine had been on care and maintenance with production last occurring in 2014. RCG has a project turnaround plan and team in place so that commercial production can recommence. Currently RCG is processing stockpile and tailings material and has been pouring gold as part of the recommissioning of the plant. The mine has a 300 tpd gravity and flotation mill and, with certain upgrades and refurbishment, all necessary infrastructure in place to conduct full-scale gold mining operations. In connection with the acquisition, the Company will be receiving the transfer of the Environmental Approval and Industrial Approval for the East Dufferin portion of the property, both of which will remain in place and valid.

Gold already being poured as part of the recommissioning of the treatment plant

History

The Dufferin deposit is faulted in half and offset into East Dufferin and West Dufferin. East Dufferin was discovered in the early 1980s, and has seen only limited mining and bulk sampling, with 2001 production of 55,000 tonnes averaging a recovered grade of 13.4 g/t Au, prior to the most recent operations that took place in 2014. . The most recent operations took place in 2014 by Ressources Appalaches, which suffered from a number of operational difficulties resulting from inexperienced mine management, including oversized equipment, inefficient mining methods, excess ore dilution, too few developed faces, poor equipment availability, engineering and surveying problems, and many inefficiencies in the mill. RCG's highly experienced mine staff have identified and are implementing solutions to all of the past problems. Mine development and drilling have intersected 17 mineralized vein systems over 1.6 km of strike length, and recent drilling returned numerous high-grade intercepts such as 287 g/t Au over 1 m.

Previous operation was grossly mis-managed

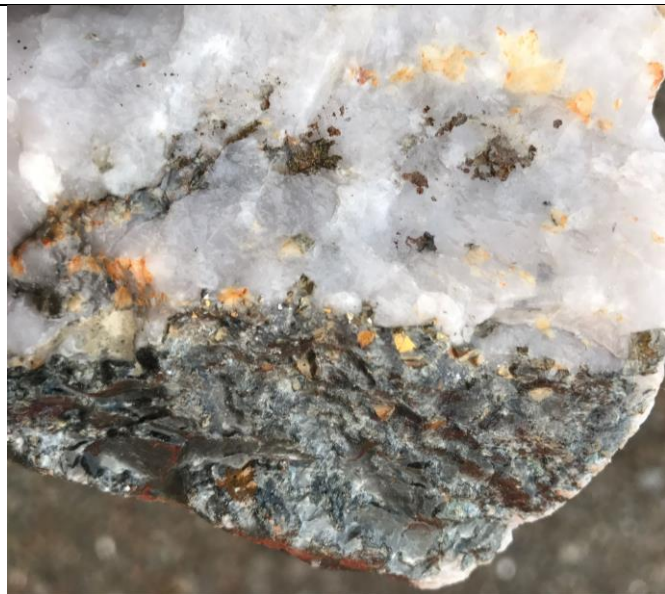
At West Dufferin gold was first discovered in 1868, followed by mining of 41,000 ounces at a recovered grade of 11.9 g/t Au. Subsequent exploration by Cominco (1930s), Sulpetro (1970s), Jascan (1980s), and NYCON Resources (2000s) has identified 18 vein systems and demonstrated the continuity of gold-bearing veins over a strike length of 1.5 km. The entire mineralized system at both East and West Dufferin has a strike length of over 4.7 km and is open to the east, west, and at depth.

Historical production confirms the high grade nature of the recoverable gold mineralisation

Geology and Mineralisation

Mineralization at Dufferin consists of quartz veins occupying multiple vertically stacked fold hinges in metamorphosed sediments. Dufferin and other deposits in the district are orogenic-type gold deposits, which have produced a majority of the world's gold, including many of those in the Canadian Shield and the Meguma Terrane of Nova Scotia, where Dufferin is located. Veins at Dufferin are composed principally of quartz and carbonate minerals, with numerous sulphides, galena being the best predictor of gold grade. Gold occurs dominantly as free gold and contains about 5% silver.

Gold Mineralisation at Dufferin



Source: HCA

Mineral Resource Estimate

As part of the PEA, an update mineral resource was estimated as follows:

Dufferin Mineral Resources (Dec 2016), 2.0 g/t Au cut-off					
Deposit	Category	Volume	Tonnes	Grade	Ounces
East Dufferin	Indicated	57,200 m ³	151,500 t	11.9 g/t	58,000 oz
	Inferred	163,800 m ³	434,100 t	6.9 g/t	96,800 oz
West Dufferin	Inferred	101,800 m ³	269,800 t	6.1 g/t	53,200 oz
Combined	Indicated	57,200 m ³	151,500 t	11.9 g/t	58,000 oz
	Inferred	265,600 m ³	703,900 t	6.6 g/t	150,000 oz

Source: MineTech International Limited PEA, 30 December 2016, RCG

Top cuts were applied to limit the effect of high-grade outliers: 200 g/t for East Dufferin and 100 g/t for West Dufferin.

Mill Reconditioning

The Company has hired an experienced operating management crew for the start up and operation of the Dufferin plant. The plant is essentially a gravity separation treatment plant with a capacity of 300 tonnes per day. A complete assessment has been undertaken and a number of improvements and modifications are being implemented at the mill. Most significantly, RCG has reconfigured a number of electrical systems, and is refurbishing the cone crusher to reinstate it into the mill flow sheet. The cone crusher will allow RCG to process the ore effectively and obtain high recoveries of gold in excess of 90% in the gravity circuit, in many cases up to 94%. The Company is now testing the various pumps, motors, and belt systems; reseating the ball mill; cleaning out the cyclones and gravity concentrating equipment; and conducting various other activities in preparation for initial start up testing of the gravity circuit in the mill.

In addition, the Company has completed the preparation and submittal of required regulatory forms and documentation to commence operations, including the application for a mining lease, along with the following activities:

- Review of flowsheet and design of adjustments and improvements
- Inspections of tailings facilities
- Developing specifications for mining equipment to be utilized in reducing mining dilution
- Analysis of and designing improvements in the ventilation system
- Designing improvements to mine compressed air, water and pumping systems
- Inspection and servicing of all mill pumps, motors, belts, piping and conveyors
- Design of an improved assay laboratory for 18-hour turnaround
- Design fine mineralized material storage facility to improve crushing efficiency and reduce costs

Stockpile material available to restart/recommission the treatment plant

Dufferin Gold Treatment Plant



Source: HCA

Start Up

RCG is currently processing stockpile and tailings materials on the surface at the Dufferin project prior to the commencement of mining. Gold is currently being poured as part of the recommissioning. Mined material stockpiled from previous operations at the Dufferin mine, and Dufferin tailings material are available for processing for gold recovery in the Dufferin mill. RCG intends to process much of these materials to fine-tune mill operations while simultaneously preparing for resumption of mining operations at the Dufferin mine. The Company expects to generate cash flow from processing these materials preparatory to the commencement of mining.

Mining Plan

A conceptual mining plan for the deposit was developed in order to provide an idea of the project's capital and operating costs. Both Indicated and Inferred Resources are used in the PEA to indicate the direction for the eventual development of the deposit.

Narrow vein mining is required for the fold limbs and drift and slash mining is planned for the crest of the veins. Approximately 64% of the gold is in the limbs and 36% is in crest areas, so the dominant mining method has to consider thin dipping structures which must be defined prior to mining. For cost purposes, a long-hole method has been assumed in the PEA.

Economic Analysis

Further to its press release of November 28, 2016, RCG announced the results of the Preliminary Economic Analysis ("PEA") on the Dufferin Project. The PEA has been completed by MineTech International Ltd. of Halifax, Nova Scotia, and Global Mineral Resource Services of Vancouver, British Columbia and filed on SEDAR. The economic results in the PEA show the production of 216,050 ounces of gold during a 10-year mine life, with a pre-tax IRR of 158% and a capital payback period of 1.3 years with a pre-tax net present value of C\$121.1 million at a 5% discount rate. This NPV is close to our valuation of C\$122 million.

West Dufferin

In addition, RCG has completed its due diligence on the West Dufferin property and has finalized documentation with the seller. A formal binding purchase agreement has been executed and closing is set for May 15, 2017. The acquisition of the West Dufferin property will add 1.9 km of drilled strike length to the 1.4 km of drilled strike length of the structures being mined at the Dufferin project, for a total of 3.3 km of drilled strike length of the total known strike length of 4.7km. This acquisition adds significant upside to the exploration potential of the overall Dufferin project.

Expansion and Exploration Potential

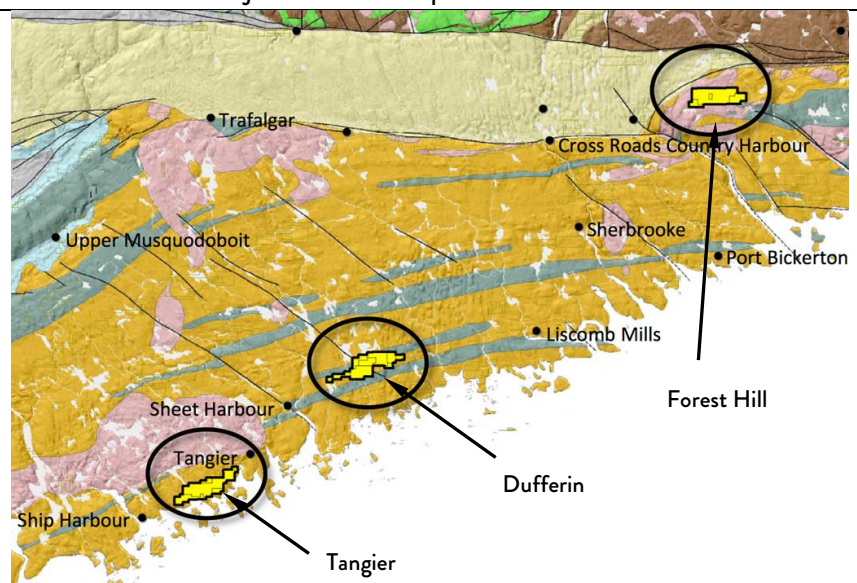
Expansion and exploration potential at Dufferin are excellent. More than 35 quartz saddle reef zones have been identified, of which only a few have been mined. The 4.7km-long deposit is open to the east, west, and at depth. Depth potential is particularly promising: orogenic gold deposits are known for great depth extents. Dufferin's closest analogue is Bendigo, Australia, which attained depths of >1,000 m over 8km of strike length and produced over 38 million ounces of gold.

Excellent expansion and exploration potential

Treatment of Ore from Tangier and Forest Hill

The Tangier mine is located 50 km, and the Forest Hill mine 120 km, from the Dufferin project.

RCG Nova Scotia Gold Projects Location Map



Source: RCG

Regarding the Forest Hill and Tangier projects, processing options being evaluated include an expanded milling operation at Dufferin, processing at each of the mines themselves, or constructing a centralized milling facility. These projects represent attractive growth scenarios for the Company to complement its advancement at Dufferin, along with other projects being targeted for acquisition.

5. Tangier Gold Project, Nova Scotia

Tangier is an advanced gold project with a drilled gold resource within trucking distance of Resource Capital Gold's gold mill at the Dufferin Mine in Nova Scotia, Canada.

Location and Access

The Tangier mine is located 50 km from Dufferin.

The Tangier property is located in the rural community of Tangier, approximately 85 kilometres by road east of Halifax, Nova Scotia. Highway #7 crosses the southern portion of the property and access to the northern section is provided by the Mooseland Road and various associated forestry access roads and trails. Additionally, several site access trails from the mine area were established during the previous exploration periods and these continue to provide access potential.

History

Tangier was the site of the first gold discovery in Nova Scotia in 1860. Total historic gold production up to 1936 is estimated at 29,360 ounces at a recovered grade of 17.6 g/t Au. The property saw several phases of bulk sampling during the 1980s, the best of which was 1,513 tonnes with a recovered grade of 19.9 g/t Au, after milling on site, resulting in a gold recovery of 89% by gravity concentration.

Historical production confirms the high grade nature of the recoverable gold mineralisation

A total of 172 surface and underground drill holes have been completed on the property, with drill results up to 632 g/t Au. Past mining activities have developed 3,300 m of underground workings. The mine sits on a project area of 2,187 hectares in 135 exploration claims.

Geology

The Tangier gold deposit is situated along the east-west trending Tangier anticline, a structure that has been traced for 7.3 km. Within this anticline, a 1.5-km section has been explored with drilling and past mining, which demonstrate good continuity of gold-bearing quartz veins to depths of 300 m. This work has identified 70 gold-bearing quartz veins, demonstrating an extensive mineralized system.

The main stratigraphic section hosting gold-bearing quartz veins on the property has been traced along strike by diamond drilling for a distance of more than 2.5 km and underground workings plus drilling noted earlier have demonstrated vein presence and continuity for distances of up to 1.5 km along strike. Quartz vein packages are often characterized by one or more veins ranging in thickness from a few centimetres to as much as 1.5 m.

Some veins at Tangier, such as the Twin and Whin, show ribbon-like distribution patterns of gold grade shoots when viewed in longitudinal

section, suggesting similarity to gold grade trends recognized in the geologically similar Bendigo goldfield of Victoria, Australia.

Mineralisation

Mineralization at Tangier consists of coarse flake gold and nuggets in generally stratabound quartz veins up to 1.5 m thick containing calcite, up to 5% sulphide minerals, including pyrite, pyrrhotite, arsenopyrite, sphalerite, and galena. The characteristics of the mineralization indicate that the deposit is an orogenic gold deposit, similar to the Dufferin mine and others in Nova Scotia's Meguma Terrane.

Exploration and mining programs carried out on the Tangier property to date have shown that coarse-grained gold mineralization (>150 mesh) constitutes an important component of the total quartz vein gold population present.

Mineral Resource Estimate

In 2004, Mercator Geological Services Limited was retained to compile and validate the historic property records and data and estimate a mineral resource as follows:

Tangier Mineral Resource (Sep 2004), NI 43-101 compliant

Category	Cut-off	Tonnes	Grade Uncut	Ounces	Grade 50g/t Cut	Ounces
Indicated	3.5 g/t	134,000	9.67	41,700	9.67	41,700
	2.0 g/t	206,000	7.23	47,900	7.23	47,900
	1.0 g/t	294,100	5.48	51,800	5.48	51,800
Inferred	3.5 g/t	271,000	15.09	131,500	12.08	105,300
	2.0 g/t	479,000	9.68	149,100	7.98	122,900
	1.0 g/t	899,000	5.79	167,400	4.88	141,000
Combined	3.5 g/t	405,000	13.30	173,200	11.29	147,000
	2.0 g/t	685,000	8.95	197,000	7.76	170,800
	1.0 g/t	1,193,100	5.71	219,200	5.03	192,800

Source: Mercator Geological Services, 29 September 2004, RCG

The estimation was undertaken by defining a number of polygons, then estimating grade using arithmetic average of drill intercepts or other assays. Resource polygons were assigned thickness factors to derive volumes, a specific gravity factor of 2.67 g/cm³ was used to derive tonnes.

The 50 g/t gold grade cut approximates a 98th percentile cut for the data set used in the resource estimate.

Exploration Potential

Tangier shows excellent expansion potential along strike and at depth. The 7.3-km Tangier anticline has been explored over only 1.5 km and the property's mineralization is open to the east and west. Mineralization is also open at depth below the 300m extent of current exploration.

Work Programme

Further to its press release of October 17, 2016, RCG has engaged MineTech International Ltd and Global Mineral Resource Services to prepare an updated resource estimate and a Technical Report on form 43-101 on the Tangier mine, along with a PEA. Work has progressed substantially on the updated Technical Report and resource estimate, and the Company estimates that the Technical Report on Tangier will be completed during March 2017, and the completion of the PEA approximately one month later. Immediately upon the completion of the Tangier PEA, MineTech and Global will commence the same work for the Forest Hill mine, with an updated Technical Report on Forest Hill expected in April, and a PEA in May.

6. Forest Hill Gold Project, Nova Scotia

The Forest Hill gold property in Nova Scotia, Canada, hosts a mineral resource of 173,800 ounces gold indicated (225,000 tonnes grading 24.02 g/t Au) and 152,900 ounces gold inferred (383,000 tonnes grading 12.42 g/t Au), using a 3.5 g/t Au cutoff grade, with no grade capping. The project is sufficiently advanced that RCG plans to issue a report on the mineral resource and begin economic studies on a fast track toward production. At 300 tonnes per day the current resource has the potential to produce 54,000 oz per year for 6 years.

Location and Access

The Forest Hill mine is located 120 km, from the Dufferin project. The Forest Hill property is accessible via Highway 7 to Goshen and then by paved highway south to Country Harbour Cross Roads. From that point, the property is reached by traveling east 12 km to the Forest Hill mine road which extends 5 km south to the Teasdale shaft area. Numerous forest access roads, trails and a power line right-of-way provide further access across the property from this point.

History

Historic gold production followed discovery of gold at Forest Hill in 1893, and up to 1916 produced 26,792 ounces at an overall recovered grade of 16.6 g/t Au. In the 1980s, a 230m shaft was sunk and approximately 94,000 tonnes of ore mined. A total of 10 km of underground workings exist on the project, along with 82 drill holes totaling 12,272 m drilled between 2003 and 2005. The project comprises 3,398 hectares in 210 exploration claims.

Geology & Mineralisation

Steeply dipping stratabound quartz veins on the south limb of the east-west trending Forest Hill anticline contain free-milling gold accompanied by arsenopyrite, pyrite, pyrrhotite and minor galena and chalcopyrite. Up to 36 veins have been encountered on the property, and they have been tracked for over 600 m along strike and 250 m down dip with excellent continuity demonstrated by drilling and mine workings.

Gold Mineralisation at Forest Hill



Source: HCA

Mineral Resource Estimate

In 2005, Mercator Geological Services Limited was retained to compile and validate the historic property records and data and estimate a mineral resource as follows:

Forest Hill Mineral Resources (Sep 2005), NI 43-101 compliant

Category	Cut-off	Tonnes	Grade Uncut	Ounces	Grade 50g/t Cut	Ounces
Indicated	5.0 g/t	199,000	26.48	169,400	16.19	103,600
	3.5 g/t	225,000	24.02	173,800	14.91	107,900
	1.0 g/t	355,000	15.96	182,200	10.19	116,300
Inferred	5.0 g/t	309,000	14.39	143,000	13.79	137,000
	3.5 g/t	383,000	12.42	152,900	11.93	146,900
	1.0 g/t	716,000	7.51	172,900	7.25	166,900
Combined	5.0 g/t	508,000	19.13	312,400	14.73	240,600
	3.5 g/t	608,000	16.71	326,700	13.03	254,800
	1.0 g/t	1,071,000	10.31	355,100	8.22	283,200

Source: Mercator Geological Services, 28 September 2005, RCG

The estimation was undertaken by defining a number of polygons, then estimating grade using arithmetic average of drill intercepts or other assays. Resource polygons were assigned thickness factors to derive volumes, a specific gravity factor of 2.67 g/cm³ was used to derive tonnes.

The 50 g/t gold grade cut approximates a 98th percentile cut for the data set used in the resource estimate.

Potential

The project shows very good grades suitable for underground mining. The overall grade of the current resource is 16.7 g/t Au, and drill intercepts are up to 315 g/t Au. Bulk sampling during the 1980s returned grades between 9.2 g/t Au and 13.8 g/t Au for diluted ore, with 94.9% overall recovery, of which 74.2% recovery was attained by gravity methods alone. The expansion potential at Forest Hill is very good, with mineralization open to the east, west, and at depth.

Work Programme

See same heading in 5. Tangier Gold Project section above.

7. Corcoran Canyon Silver Project, Nevada

Corcoran Canyon is the highest-grade bulk tonnage open-pittable silver deposit in North America, and hosts a historical silver-gold resource ready for economic studies. The project offers the potential for near-term cash flow from a drilled silver-gold resource.

Location

Located in Nevada, USA, the project lies in a prolific belt of gold and silver deposits that have produced in excess of 175 million ounces of silver and hosted over 20 million ounces of gold. The project is located 75 km northeast of the historic Tonopah silver-gold district (138 million ounces silver produced), and 20 km east of and on the same caldera margin structure related to Kinross' Round Mountain Mine (>15 million ounces gold total endowment).

Acquisition

On 5th January 2016, RCG announced the acquisition of the Corcoran Canyon project. RCG can acquire 80% of the project in a low-cost earn-in joint-venture structured under the following terms:

- RCG to earn 50% of the project by spending US\$1 million, of which US\$500,000 plus the property holding costs are to be spent within 12 months of signing the agreement, later extended to 24 months.
- RCG to earn an additional 30% of the project by spending an additional US\$1.6 million within 36 months of signing the agreement.
- At the conclusion of 60-day due diligence (US\$30,000 paid to vendor), RCG issued 1 million shares to the vendor; and will issue an additional 1 million shares if the project attains a certain NPV milestone in the planned pre-feasibility study.

Overall, this transaction represents a low cost entry (US\$2.6 million+ shares) of approximately US\$0.08 per ounce of silver.

Historical Mineral Resource Estimate

In 2015 Centennial Minerals commissioned an independent (but non-NI43-101 compliant) historical resource estimate of 1,541,700 tonnes measured

and indicated grading 195 g/t Ag and 0.374 g/t Au, and 2,160,000 tonnes inferred grading 300 g/t Ag and 0.267 g/t Au. ¹

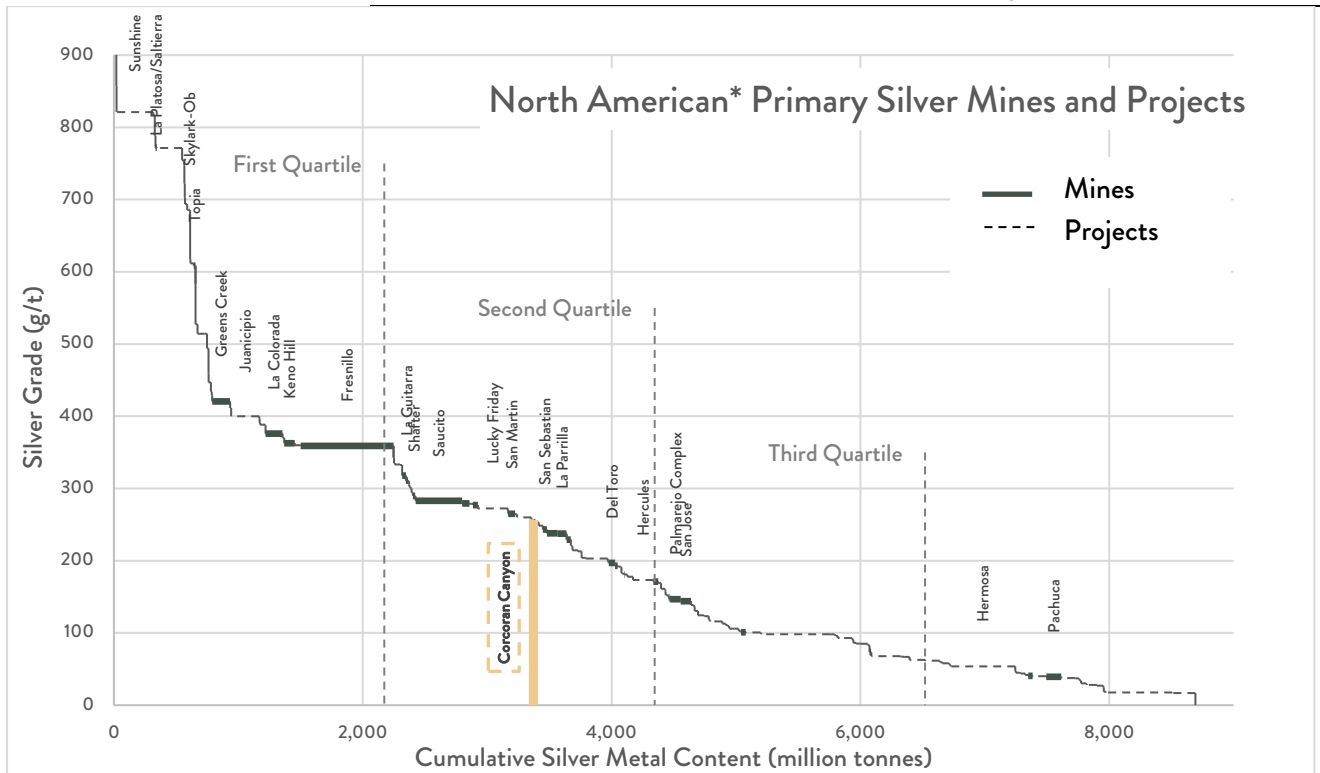
High grade silver mineralisation

Corcoran Canyon Historical Mineral Resource (2015), NOT NI 43-101 compliant						
Category	Cut-off	Tonnes	Ag g/t	Silver oz	Au g/t	Gold oz
M + I	68.6	1,540,000	195.6	9,684,600	0.37	18,500
Inferred	68.6	2,160,000	300.0	20,833,700	0.27	18,500
Total	68.6	3,700,000	256.5	30,518,300	0.31	37,000

Source: Centennial Minerals, RCG

Based on that mineral resource estimate, the Corcoran Canyon Project compares quite well in terms of grade against the existing mineral resources of mines and projects throughout the world.

Corcoran Canyon Historical Mineral Resource Benchmarking



Source: SNL Mining & Metals, Terra Studio. * Canada, Mexico and USA

The grade of the mineral resource sits well within its North American peers

Geology & Mineralisation

The project lies in an extensive belt of prolific mineral deposits, including:

- Round Mountain Mine, a volcanic-hosted low-sulfidation epithermal gold mine in production the 1970s, with a total gold endowment of over 15 million oz Au
- The Tonopah district hosted 175 million oz Ag and 1.9 million Au in low-sulfidation epithermal veins
- Manhattan produced at least 280,000 oz Au from low-sulfidation epithermal veins
- Northumberland is a Carlin-type deposit owned by Newmont with measured and indicated resources of 2.26 moz Au and 9.06moz Ag and inferred resources of 776,300 oz Au and 1.4 m oz Ag.
- Two other historic districts near the project, Jefferson and Belmont, produced silver.

¹ This historical resource is based on historical drill data that has not been upgraded to NI 43-101 standards. A qualified person has not done sufficient work to classify this historical estimate as a current mineral resource, and Resource Capital Gold Corp. is not treating it as a current mineral resource.

The Corcoran Canyon project is thus well situated in a belt of numerous rich silver-gold deposits, with which it shares many similarities: low-sulfidation epithermal mineralization in caldera margin and/or range front fault zones in veins, stockworks, and breccias hosted in hydrothermally altered felsic volcanic rocks of Oligocene age. The project lies 20 km east of and on the same caldera margin related to Round Mountain.

Silver-gold mineralization on the project consists of zones of low-sulfidation veining, stockwork, breccias, and disseminations in a northeast-trending belt accompanied by widespread hydrothermal alteration. Veining consists of as many as 15 different mineral assemblages with drusy quartz-adularia and dark gray siliceous microbreccia veins dominating, and including pyrite and Ag-Cu-Sb-As sulfides and sulfosalts and their oxidized equivalents in gangue of quartz, calcite, adularia, siderite, and barite. Fracture surfaces coated with adularia are similar to those characteristic of Au mineralization at Round Mountain.

The historical resource on the project occurs in the Silver Reef zone, a northeast-trending body of mineralization that crops out on surface in a resistant hill, providing excellent access for mining and potentially low strip ratio during mining. The Silver Reef zone is open along strike to the northeast and southwest, and the project has multiple high-quality expansion targets. The Silver Reef zone shows excellent expansion potential for high-grade mineralization at depth, where bonanza-grade silver of up to 2,616 g/t Ag has already been drilled.

Work Programme

Resource Capital Gold plans to move the project on a fast track to development, beginning with a 2,800-meter resource-verification, infill and expansion drill program in order to calculate a current mineral resource on the project. The company plans to follow this with a complete feasibility study including metallurgical test work and environmental studies, leading to construction and commissioning. The project is initially envisioned as an open-pit mine with heap-leach processing, but the feasibility study will also evaluate a milling scenario, which may bring enhanced economic returns to this advanced, high-grade silver project.

RCG is investigating all avenues to monetise Corcoran Canyon including an in-specie distribution to shareholders and subsequent silver focused IPO.

8. Leadership & Operations Team

George Young, BSc, JD

CEO and Director: 35 years of experience acquiring, financing and developing mines in North and South America, both as a metallurgical engineer and as a lawyer. Has been instrumental in over US\$600 million in financings for both major and junior mining companies in North America, and in over US\$9 billion in financings for the utilities industry. Co-founder of MAG Silver Corp. and International Royalty Corp.

Dr. Mike Nelson

Non-Executive Director: 40+ years as a mining engineer; currently Associate Professor and Chair of Mining Engineering, University of Utah. Worked for numerous resource companies including Rio Tinto Kennecott, EVRAZ North America, CODELCO El Teniente and BHP Billiton. Member, Society for Mining, Metallurgy and Exploration (US) and the Canadian Institute of Mining, Metallurgy and Petroleum; contributed to 16 books, including the SME Mining Engineering Handbook.

Gary Lewis

Founder and major shareholder: 30 years in capital markets and business and strategy development. Has invested and/or operated resource projects or assets over the past ten years valued at more than US\$350M, including the acquisition and ultimate sell-down or listing of high-value, multi-commodity resource projects in Australia, UK, SE Asia, Central Asia and the Americas.

Michael Gross, MS, PGeo

Chief Operating Officer: Mine operator with 45+ years of experience in mine operations, management, turnarounds, and team building. Mike is an expert in narrow-vein underground mining as well as open-pit mining. He has led major improvements at multiple mines, resulting in decreased costs, improved productivity, and higher earnings.

Jack Cartmel, CPA, CA

Chief Financial Officer: Jack Cartmel is a finance executive with over 12 years of experience in the mining industry. He has expertise in mergers and acquisitions, IPOs and prospectus offerings, public company accounting and disclosure, financial and risk management. Prior to joining RCG, Mr. Cartmel was Senior Manager of Financial Reporting and Internal Audit for Monument Mining Ltd., a mid-size gold producer in Asia. He also worked as Manager of Finance for White Tiger Gold Ltd. (formerly Century Mining Corp.), a mid-sized gold producer in the Americas. Mr. Cartmel is a Chartered Accountant and holds a Bachelor of Business Administration from Capilano University.

Dr. Clyde Smith, PhD, PEng

Exploration and mining geologist with a career that spans over 50 years. Has discovered four ore deposits with contained total 2Moz Au, 46Moz Ag, 2.4Bib Pb, 2.2B Ib Zn, and 150Mib Cu. He has successfully guided projects through feasibility and development, and served as an officer and director on several successful companies.

David Smith, MS, MBA, CPG

30 years in minerals exploration in the U.S., Canada, Mexico, Chile, and China on a wide range of ore deposits with particular emphasis on gold and precious metals. Core expertise encompasses the management of mineral projects from acquisition to initial mapping, drilling, resource modelling, and project development.

9. Investment Risks

RCG is exposed to a number of risks including:

- **Geological risk:** the actual characteristic of an ore deposit may differ significantly from initial interpretations.
- **Resource risk:** all resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
- **Commodity price risk:** the revenues RCG will derive through the sale of gold doré expose the potential income to gold price risk. The gold price fluctuates and is affected by many factors beyond the control of RCG. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and macro-economic factors.
- **Exchange Rate risk:** The revenue RCG derives from the sale of gold doré exposes the potential income to exchange rate risk. International prices of various commodities are denominated in United States dollars, whereas the financial reporting currency of RCG is the Canadian dollar, exposing the company to the fluctuations and volatility of the rate of exchange between the USD and the CAD as determined by international markets.
- **Mining risk:** A reduction in mine production would result in reduced revenue.
- **Processing risks:** A reduction in plant throughput would result in reduced revenue. In all processing plants, some metal is lost to the tailings stream rather than reporting to the valuable product. If the recovery of metal is less than forecast, then revenue will be reduced.
- **Operational cost risk:** an increase in operating costs will reduce the profitability and free cash generation of the project.
- **Management and labour risk:** an experienced and skilled management team is essential to the successful development and operation of mining projects.

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