

North American Precious Metals Industry

Gold to \$3,000; 2020-22 and LT gold price hikes favorably impact PO's

Price Objective Change

2021 average gold spot price +25% to \$2,012

As per the Commodities Strategist report dated April 20th 2020 (highlighted in the following two paragraphs (18 month gold target lifted from \$2,000 to \$3,000/oz)), the BofA commodities team has become even more bullish on gold. The 2020-22E real gold price forecasts were hiked 4.7%, 25.0% and 16.9% from \$1,619, \$1,610 and \$1,547/oz to \$1,695, \$2,012 and \$1,808/oz. We raised our long-term real gold price forecast from \$1,400 to \$1,600/oz. Our ten-year average real gold price rose by 15.0% to \$1,692/oz. Table 2 on page 2 and Table 6 on page 6 set-out the new price deck.

Now, significant monetary, fiscal easing around the world...

Due to the Covid-19 lockdowns, US GDP could go down by 30% YoY in 2Q20, the steepest drop in modern history. Other countries like Japan will likely experience a 21.8% decline in output in 2Q20, while China just reported a contraction of 6.8% in 1Q20. As central banks rush to expand their balance sheets and backstop asset values and consumer prices, a lot of risks could end up being socialized. The size of major central bank balance sheets has been stable at around 25% of GDP for the last decade or so, just like the gold price. As economic output contracts sharply, fiscal outlays surge, and central bank balance sheets double, fiat currencies could come under pressure. And investors will aim for gold. Hence, we mark-to-market our forecasts and now project average real gold price of \$1,695/oz in 2020 and \$2,012/oz in 2021.

...lifts our 18m gold target from \$2000/oz to \$3000/oz

True, a strong USD backdrop, reduced financial market volatility, and lower jewelry demand in India and China could remain headwinds for gold. But beyond traditional gold supply and demand fundamentals, financial repression is back on an extraordinary scale. Rates in the US and most G-10 economies will likely be at or below zero for a very long period of time as central banks attempt to push inflation back above their targets. Beyond real rates, variables such as nominal GDP, central bank balance sheets, or official gold reserves will remain the key determinants of gold prices, in our view. As central banks and governments double their balance sheets and fiscal deficits respectively (we have also decided to up our 18m gold target from \$2,000 to \$3,000/oz.

Top picks: WPM, NEM & BTG (see page 2)

The North American precious metals sector is more attractively priced. The average price to net asset value (P/NAV) multiple for the North American precious metals coverage group declined from 2.11 to 1.77x, within the 9 year trading range (1.0-2.0x). History would indicate there is room for further multiple expansion. During bullion's rally to its all-time high of \$1,900/oz in September 2011, the sector was trading between 2.0-2.5x NAV on average. **Buy rated stocks: Senior producers: NEM, GOLD & AEM; Mid-tier producers: KL, BTG; Intermediate gold producers: EGO; Royalty & streaming companies: WPM & FNV.**

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Refer to important disclosures on page 13 to 16. Analyst Certification on page 12. Price Objective Basis/Risk on page 7.

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Table 1: PO and rating changes

	Share Price	PO			
		Old	New	% chg	Rating
Senior producers					
AEM	\$53.88	\$51.00	\$62.00	22%	BUY
GOLD	\$24.92	\$24.00	\$30.00	25%	BUY
KGC	\$6.17	\$5.70	\$7.50	32%	NEUT
NEM	\$59.54	\$58.00	\$73.00	26%	BUY
Mid-tier producers					
BTG	\$4.50	\$4.15	\$6.40	54%	BUY
YBTO	C\$6.41	C\$5.80	C\$8.95	54%	BUY
EGO	\$8.69	\$10.50	\$12.00	14%	BUY
IAG	\$3.16	\$3.30	\$3.60	9%	BUY
YIMG	C\$4.49	C\$4.75	C\$5.05	6%	BUY
KL	\$36.72	\$43.00	\$50.00	16%	BUY
YKL	C\$52.00	C\$60.00	C\$70.00	17%	BUY
AUY	\$4.39	\$4.10	\$4.80	17%	NEUT
YYRI	C\$6.25	C\$5.75	C\$6.70	17%	NEUT
Junior/Intermediate producers					
AGI	\$6.65	\$5.30	\$6.65	25%	U/P
YAGI	C\$9.43	C\$7.40	C\$9.30	26%	U/P
NGD	\$0.75	\$0.50	\$0.70	40%	U/P
YNGD	C\$1.08	C\$0.70	C\$1.00	43%	U/P
Silver producers					
HL	\$2.33	\$1.65	\$1.90	15%	U/P
PAAS	\$19.83	\$15.50	\$22.50	45%	NEUT
Royalty / streaming companies					
FNV	\$124.1	\$120.0	\$132.5	10%	BUY
YFNV	C\$175.5	C\$171.0	C\$185.5	8%	BUY
YOR	C\$11.99	C\$12.00	C\$13.00	8%	BUY
OR	\$8.47	\$8.60	\$9.25	8%	BUY
RGLD	\$111.60	\$89.00	\$106.00	19%	U/P
WPM	\$34.98	\$34.50	\$44.00	28%	BUY
Base metal producers					
YHBM	C\$3.05	C\$1.50	C\$1.50	0%	U/P
HBM	\$2.15	\$1.10	\$1.10	0%	U/P

Source: BofA Global Research

Precious metal markets – updated commodity prices

Table 2 sets out our revised commodity price forecasts for 2020-22. A discussion of the uranium price changes is found in the Global Uranium report from April 16, 2020.

Table 2: Key commodity real price forecast changes for 2020E-2022E

		Previous			Revised			% Change		
		2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Real gold price	US\$/oz	1,619	1,610	1,547	1,695	2,012	1,808	4.7%	25.0%	16.9%
Real silver price	US\$/oz	16.56	17.89	17.19	16.60	21.95	18.08	0.2%	22.7%	5.2%
Real platinum price	US\$/oz	1,030	1,268	1,215	1,038	1,268	1,215	0.8%	0.0%	0.0%
Real palladium price	US\$/oz	2,800	2,561	1,428	2,824	2,561	1,428	0.9%	0.0%	0.0%
Real copper price	US\$/lb	2.41	2.77	2.86	2.42	2.77	2.86	0.2%	0.0%	0.0%
Real lead price	US\$/lb	0.84	0.98	0.97	0.83	0.98	0.97	-0.9%	0.0%	0.0%
Real zinc price	US\$/lb	0.87	0.99	1.05	0.86	0.99	1.05	-0.7%	0.0%	0.0%
Real nickel price	US\$/lb	5.87	8.30	6.43	5.83	8.30	6.43	-0.6%	0.0%	0.0%
Uranium price	US\$/lb	28.00	32.68	35.22	32.51	33.54	35.22	16.1%	2.6%	0.0%

Source: BofA Global Research

Top overall (and top streaming) pick:

Wheaton Precious Metals (WPM, Buy, PO: \$44.00)

Key attributes include: **1) Growth in net production.** We see WPM's gold equivalent ounce (GEO) output rising from 664,500 in 2020 (including COVID-19 impacts at Penasquito and several other operations) to 725,000 in 2023. **2) Robust free cash flow (FCF) generation.** At \$2,012 and \$20/oz gold and silver, 2021 FCF forecast to be nearly \$1 billion. This FCF can be deployed for deleveraging, new acquisitions and/or hiking the dividend from the current 30% of cash flow payout ratio; and **3) Undervalued.** WPM is trading at a 30% discount to the average P/NAV of its senior streaming peers.

Top senior gold producer pick:

Newmont Goldcorp (NEM, Buy, PO: \$73.00)

Key attributes of NEM include: **1) Sustainable ten year production.** NEM's gold production is forecast to remain in the 6.0-7.0 million (mn) oz range over the next ten years; and **2) Robust FCF.** At \$2,012/oz gold, FCF forecast to be +\$3 billion affording NEM the ability to advance its robust development pipeline, pursue potential acquisitions and pay its robust annual dividend of \$1.00/sh.

Top mid-tier gold producer pick:

B2Gold (BTG, Buy, PO: \$6.40)

With the Fekola mine exceeding expectations and now being expanded, we forecast a continuation of the recent trend of solid free cash flow (FCF) growth into 2020E with FCF of \$435mn, about double the 2019E level and more than three times the 2018A level. We forecast net debt falling from \$121mn at year-end 2019 to net cash of \$274mn at year-end 2020E. Potential FCF uses include funding the development of the Gramalote project in Colombia (proceed decision in Q1'21) and raising the dividend. BTG trades in line to peers on several metrics but we think a premium valuation is warranted.

Across-the-board 2020-22 EPS hikes

Table 3 sets out our updated 2020E-22E EPS and CFPS (cash flow per share) forecasts for the North American precious metal and base metal companies under coverage. The 2020E-22E real gold price forecasts were raised 4.7%, 25.0% and 16.9% to \$1,695, \$2,012 and \$1,808/oz. For silver, we have raised our 2020-22 real silver price forecasts by 0.2 %, 22.7% and 5.2% to \$16.60, \$21.95 and \$18.08/oz. Not surprisingly there were across the board hikes in our 2020-22 EPS forecasts.

Table 3: North American precious metals EPS and CFPS changes for 2020E-2022E

	BofA Symbol	4/20/2020 Close	EPS									CFPS								
			Previous			Revised			% Change			Previous			Revised			% Change		
			2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Real gold price forecast			1,619	1,610	1,547	1,695	2,012	1,808	4.7%	25.0%	16.9%	1,619	1,610	1,547	1,695	2,012	1,808	4.7%	25.0%	16.9%
Real silver price forecast			16.56	17.89	17.19	16.60	21.95	18.08	0.2%	22.7%	5.2%	16.56	17.89	17.19	16.60	21.95	18.08	0.2%	22.7%	5.2%
Real platinum price forecast			1,030	1,268	1,215	1,038	1,268	1,215	0.8%	0.0%	0.0%	1,030	1,268	1,215	1,038	1,268	1,215	0.8%	0.0%	0.0%
Real palladium price forecast			2,800	2,561	1,428	2,824	2,561	1,428	0.9%	0.0%	0.0%	2,800	2,561	1,428	2,824	2,561	1,428	0.9%	0.0%	0.0%
Real copper price forecast			2.41	2.77	2.86	2.42	2.77	2.86	0.2%	0.0%	0.0%	2.41	2.77	2.86	2.42	2.77	2.86	0.2%	0.0%	0.0%
Real lead price forecast			0.84	0.98	0.97	0.83	0.98	0.97	-0.9%	0.0%	0.0%	0.84	0.98	0.97	0.83	0.98	0.97	-0.9%	0.0%	0.0%
Real zinc price forecast			0.87	0.99	1.05	0.86	0.99	1.05	-0.7%	0.0%	0.0%	0.87	0.99	1.05	0.86	0.99	1.05	-0.7%	0.0%	0.0%
Real nickel price forecast			5.87	8.30	6.43	5.83	8.30	6.43	-0.6%	0.0%	0.0%	5.87	8.30	6.43	5.83	8.30	6.43	-0.6%	0.0%	0.0%
Senior Gold Producers																				
Agnico Eagle Mines	AEM	\$53.88	1.22	2.11	1.93	1.46	3.86	2.91	19.7%	82.9%	50.8%	3.72	5.21	5.12	3.87	6.96	6.15	4.1%	33.5%	20.0%
Barrick Gold	GOLD	\$24.92	0.74	0.83	0.76	0.88	1.28	1.01	18.9%	54.2%	32.9%	2.48	2.54	2.41	2.66	3.26	2.84	7.3%	28.4%	18.0%
Kinross Gold	KGC	\$6.17	0.45	0.45	0.32	0.54	0.85	0.54	20.0%	88.9%	68.8%	1.11	1.11	0.89	1.20	1.54	1.12	8.5%	39.0%	26.2%
Newmont Corporation	NEM	\$59.54	2.03	2.60	2.44	2.12	4.13	3.33	4.4%	58.8%	36.5%	4.82	5.48	5.28	4.91	7.11	6.22	1.8%	29.7%	17.8%
Mid-Tier Gold Producers																				
B2Gold	BTG	\$4.50	0.41	0.32	0.21	0.45	0.52	0.33	9.8%	62.5%	57.1%	0.72	0.60	0.51	0.76	0.82	0.64	5.6%	36.7%	25.5%
Eldorado Gold	EGO	\$8.69	0.77	0.48	0.37	0.93	1.13	0.83	20.8%	135.4%	124.3%	2.16	1.72	1.65	2.33	2.42	2.15	7.9%	40.5%	29.8%
IAMGOLD	IAG	\$3.16	0.24	0.26	0.24	0.27	0.59	0.41	12.5%	126.9%	70.8%	0.87	0.94	0.93	0.90	1.30	1.12	3.0%	39.0%	20.2%
Kirkland Lake Gold	KL	\$36.72	2.84	2.94	2.82	3.11	4.42	3.83	9.5%	50.3%	35.8%	4.23	4.48	4.39	4.52	6.12	5.51	6.8%	36.7%	25.5%
Yamana Gold	AUY	\$4.39	0.16	0.21	0.22	0.20	0.47	0.39	25.0%	123.8%	77.3%	0.65	0.70	0.61	0.69	0.97	0.78	5.4%	36.9%	26.7%
Intermediate/Junior Gold Producers																				
Alamos Gold	AGI	\$6.65	0.31	0.40	0.32	0.36	0.71	0.51	16.1%	77.5%	59.4%	0.80	1.02	0.80	0.86	1.48	0.99	8.1%	45.0%	24.2%
New Gold	NGD	\$0.75	(0.01)	0.11	0.10	(0.01)	0.24	0.21	0.0%	118.2%	110.0%	0.41	0.50	0.54	0.33	0.58	0.60	-18.8%	14.1%	10.0%
Primary Silver Producers																				
Hecla Mining	HL	\$2.33	0.02	0.11	0.07	0.05	0.24	0.15	150.0%	118.2%	114.3%	0.31	0.38	0.35	0.34	0.51	0.44	10.1%	35.8%	23.6%
Pan American Silver	PAAS	\$19.83	0.47	0.83	0.58	0.59	1.83	1.03	25.5%	120.5%	77.6%	2.10	2.36	1.89	2.23	3.44	2.38	6.3%	45.9%	26.1%
Royalty/Streaming Companies																				
Franco-Nevada	FNV	\$124.09	2.20	2.39	2.23	2.33	3.10	2.70	5.9%	29.7%	21.1%	3.75	4.07	3.90	3.89	4.81	4.39	3.5%	18.2%	12.5%
Osisko Gold Royalties ⁽¹⁾	YOR	C\$11.99	0.32	0.48	0.43	0.34	0.69	0.54	6.3%	43.8%	25.6%	0.62	0.79	0.75	0.63	0.98	0.83	2.6%	24.4%	11.7%
Royal Gold ⁽²⁾	RGLD	\$111.60	2.61	2.60	2.71	2.51	2.93	3.58	-3.8%	12.7%	32.3%	5.03	5.34	5.70	4.87	5.65	6.46	-3.2%	5.9%	13.4%
Wheaton Precious Metals	WPM	\$34.98	0.82	0.94	0.85	0.88	1.36	1.10	7.3%	44.7%	29.4%	1.53	1.72	1.62	1.60	2.20	1.90	4.3%	27.6%	17.7%
Base Metal Producers																				
Hudbay Minerals	HBM	\$2.15	(0.50)	(0.06)	0.49	(0.51)	0.14	0.65	-2.0%	333.3%	32.7%	0.56	1.00	1.53	0.45	1.05	1.60	-18.6%	5.5%	4.3%

Source: Bloomberg, BofA Global Research

NAV impacts – higher for all

Table 4 sets out a comparison of our prior and new net asset value (NAV) estimates for the North American precious and base metal companies under our coverage. The combination of the upward revisions in the 2020-22 real gold and silver prices and increasing the long-term gold price by 14.3% from \$1,400 to \$1,600/oz led to our ten year average real gold price rising 15.0% to \$1,692 from \$1,472/oz. We hiked our ten-year average real silver price by 3.4% to \$17.97/oz though maintained our \$17.50/oz real long price. These substantial upward revisions led to company NAV's increasing between 7% and 39% and an overall average increase of 22%.

Table 4: Net asset value (NAV) changes

as of April 20, 2020	BofA Symbol	4/20/2020 Close	DCF	Previous Net Cash	NAV	P/NAV	DCF	Revised Net Cash	NAV	P/NAV	% Change NAV	Abs change
Senior Gold Producers												
Agnico Eagle Mines	AEM	\$53.88	\$31.33	(\$5.83)	\$25.50	2.11	\$36.83	(\$5.83)	\$31.00	1.74	22%	5.50
Barrick Gold	GOLD	\$24.92	\$12.85	(\$0.85)	\$12.00	2.08	\$15.86	(\$0.86)	\$15.00	1.66	25%	3.00
Kinross Gold	KGC	\$6.17	\$5.45	(\$0.95)	\$4.50	1.37	\$6.90	(\$0.95)	\$5.95	1.04	32%	1.45
Newmont Corporation	NEM	\$59.54	\$32.05	(\$3.05)	\$29.00	2.05	\$39.55	(\$3.05)	\$36.50	1.63	26%	7.50
						2.02				1.61	25%	
Mid-Tier Gold Producers												
B2Gold	BTG	\$4.50	\$2.80	(\$0.05)	\$2.75	1.64	\$3.70	(\$0.05)	\$3.65	1.23	33%	0.90
Eldorado Gold	EGO	\$8.69	\$12.40	(\$1.90)	\$10.50	0.85	\$13.90	(\$1.90)	\$12.00	0.72	14%	1.50
IAMGOLD	IAG	\$3.16	\$3.60	\$0.60	\$4.20	0.71	\$4.20	\$0.60	\$4.80	0.61	14%	0.60
Kirkland Lake Gold	KL	\$36.72	\$20.50	\$2.05	\$22.55	1.69	\$27.35	\$2.15	\$29.50	1.26	31%	6.95
Yamana Gold	AUY	\$4.39	\$3.60	(\$0.95)	\$2.65	1.66	\$3.90	(\$0.70)	\$3.20	1.37	21%	0.55
						1.50				1.16	27%	
Intermediate/Jr Gold Producers												
Alamos Gold	AGI	\$6.65	\$4.75	\$0.55	\$5.30	1.25	\$6.10	\$0.55	\$6.65	1.00	25%	1.35
New Gold	NGD	\$0.75	\$1.55	(\$0.55)	\$1.00	0.75	\$1.91	(\$0.53)	\$1.38	0.54	39%	0.39
						1.15				0.88	32%	
Primary Silver Producers												
Hecla Mining	HL	\$2.33	\$3.18	(\$0.92)	\$2.26	1.03	\$3.42	(\$0.92)	\$2.50	0.93	11%	0.24
Pan American Silver	PAAS	\$19.83	\$9.75	\$0.85	\$10.60	1.95	\$12.30	\$1.00	\$13.30	1.53	25%	2.70
						1.74				1.39	22%	
Royalty/Streaming Companies												
Franco-Nevada	FNV	\$124.09	\$35.68	\$1.32	\$37.00	3.35	\$39.43	\$1.32	\$40.75	3.05	10%	3.75
Osisko Gold Royalties	YOR	C\$11.99	C\$6.50	C\$0.60	C\$7.10	1.69	C\$6.70	C\$1.20	C\$7.90	1.52	11%	0.80
Royal Gold	RGLD	\$111.60	\$40.90	(\$1.25)	\$39.65	2.81	\$43.82	(\$1.25)	\$42.57	2.62	7%	2.92
Wheaton Precious Metals	WPM	\$34.98	\$16.35	(\$1.00)	\$15.35	2.28	\$18.56	(\$0.96)	\$17.60	1.99	15%	2.25
						2.87				2.59	11%	-10%
Overall precious metals average						2.14				1.77	22%	-17%
Overall gold producer average						1.90				1.51	26%	-21%
Base metal producers												
Hudbay Minerals	HBM	\$2.15	\$5.56	-C\$2.31	C\$3.25	0.66	\$5.81	-\$2.31	\$3.50	0.61	8%	0.25
						0.64				0.61	4%	-4%

Source: BofA Global Research estimates, Bloomberg

Note: prices used in models are "real" metal prices

PO's favorably impacted

Table 5 sets out our updated target multiples and price objectives (POs) for companies under coverage. Our entire North American precious metals coverage universe experienced hikes in their price objectives (PO's).

Table 5: Price objective (PO) and target multiple changes

as of April 20, 2020	BofA Symbol	Share Price	Target multiple		Old	Price objective Revised	%change	Rating		Upside to PO
			Old	New				Old	Revised	
Senior Gold Producers			<u>NAV basis</u>							
Agnico Eagle Mines	AEM	\$53.88	2.00x	2.00x	\$51.00	\$62.00	22%	B-1-7	B-1-7	15%
Barrick Gold	GOLD	\$24.92	2.00x	2.00x	\$24.00	\$30.00	25%	B-1-7	B-1-7	20%
Kinross Gold	KGC	\$6.17	1.25x	1.25x	\$5.70	\$7.50	32%	C-2-9	C-2-9	22%
Newmont Corporation	NEM	\$59.54	2.00x	2.00x	\$58.00	\$73.00	26%	B-1-7	B-1-7	23%
Mid-Tier Gold Producers			<u>NAV basis</u>							
B2Gold	BTG	\$4.50	1.50x	1.75x	\$4.15	\$6.40	54%	C-1-7	C-1-7	42%
B2Gold	YBTO	C\$6.41	1.50x	1.75x	C\$5.80	C\$8.95	54%	B-1-7	B-1-7	40%
Eldorado Gold	EGO	\$8.69	1.00x	1.00x	\$10.50	\$12.00	14%	C-1-9	C-1-9	38%
IAMGOLD	IAG	\$3.16	0.75x	0.75x	\$3.30	\$3.60	9%	C-1-9	C-1-9	14%
IAMGOLD	YIMG	C\$4.49	0.75x	0.75x	C\$4.75	C\$5.05	6%	C-1-9	C-1-9	12%
Kirkland Lake Gold	KL	\$36.72	2.00x	1.75x	\$43.00	\$50.00	16%	B-1-7	B-1-7	36%
Kirkland Lake Gold	YKL	C\$52.00	2.00x	1.75x	C\$60.00	C\$70.00	17%	B-1-7	B-1-7	35%
Yamana Gold	AUY	\$4.39	1.50x	1.50x	\$4.10	\$4.80	17%	C-2-7	C-2-7	9%
Yamana Gold	YYRI	C\$6.25	1.50x	1.50x	C\$5.75	C\$6.70	17%	C-2-7	C-2-7	7%
Intermediate/Junior Gold Producers			<u>NAV basis</u>							
Alamos Gold	AGI	\$6.65	1.00x	1.00x	\$5.30	\$6.65	25%	C-3-7	C-3-7	0%
Alamos Gold	YAGI	C\$9.43	1.00x	1.00x	C\$7.40	C\$9.30	26%	C-3-7	C-3-7	-1%
New Gold	NGD	\$0.75	0.50x	0.50x	\$0.50	\$0.70	40%	C-3-9	C-3-9	-6%
New Gold	YNGD	C\$1.08	0.50x	0.50x	C\$0.70	C\$1.00	43%	C-3-9	C-3-9	-7%
Primary Silver Producers			<u>NAV basis</u>							
Hecla Mining	HL	\$2.33	0.75x	0.75x	\$1.65	\$1.90	15%	C-3-8	C-3-8	-18%
Pan American Silver	PAAS	\$19.83	1.50x	1.75x	\$15.50	\$22.50	45%	B-2-7	B-2-7	13%
Royalty/Streaming Companies			<u>NAV basis</u>							
Franco-Nevada	FNV	\$124.09	3.25x	3.25x	\$120.00	\$132.50	10%	B-1-7	B-1-7	7%
Franco-Nevada	YFNV	C\$175.52	3.25x	3.25x	C\$171.00	C\$185.50	8%	B-1-7	B-1-7	6%
Osisko Gold Royalties	YOR	C\$11.99	1.75x	1.75x	C\$12.00	C\$13.00	8%	B-1-7	B-1-7	8%
Osisko Gold Royalties	OR	\$8.47	1.75x	1.75x	\$8.60	\$9.25	8%	B-1-7	B-1-7	9%
Royal Gold	RGLD	\$111.60	2.25x	2.50x	\$89.00	\$106.00	19%	B-3-7	B-3-7	-5%
Wheaton Precious Metals	WPM	\$34.98	2.25x	2.50x	\$34.50	\$44.00	28%	B-1-7	B-1-7	26%
Base metal producer			<u>EBITDA basis</u>							
Hudbay Minerals	YHBM	C\$3.05	3.50x	3.50x	C\$1.50	C\$1.50	0%	C-3-8	C-3-8	-51%
Hudbay Minerals	HBM	\$2.15	3.50x	3.50x	\$1.10	\$1.10	0%	C-3-8	C-3-8	-49%

Source: BofA Global Research estimates, Bloomberg

Note: prices used in models are "real" metal prices

Target multiples adjusted

B2Gold (BTG). The target multiple was raised from 1.50 to 1.75x NAV to reflect BTG's substantial FCF at higher gold prices combined with a suite of attractive growth projects in which to invest. BTG intends to continue paying an attractive dividend.

Kirkland Lake Gold (KL). We reduced KL's target multiple from 2.00 to 1.75x due to exploration activities at all mines being temporarily suspended due to COVID-19.

Pan American Silver (PAAS). We increased the target multiple from 1.50 to 1.75x given strong FCF with higher gold prices and managements return of capital focus.

Royal Gold (RGLD). The higher target multiple of 2.50x reflects improving free cash flow (FCF) which can be used to increase the dividend and/or fund new acquisitions.

Wheaton Precious (WPM). The higher target multiple of 2.50x reflects improving FCF which can be used to increase the dividend and/or fund new acquisitions.



10-year price forecasts

Table 6 shows our 10-year average (2020E-29E) prices, which are critical to the calculation of our net asset values (NAV). Our 10-year average gold and silver prices are \$1,692/oz and \$17.97/oz, respectively.

Table 6: Changes in 10-year average real commodity price forecasts

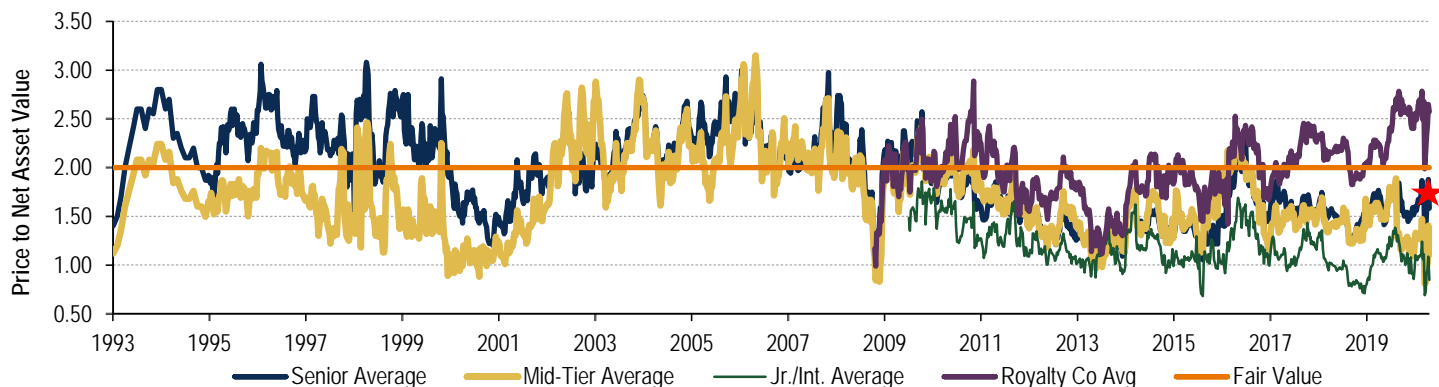
		Previous	Revised	%change
Gold (real)	US\$/oz	1,472	1,692	15.0%
Silver (real)	US\$/oz	17.38	17.97	3.4%
Platinum (real)	US\$/oz	1,141	1,142	0.1%
Palladium (real)	US\$/oz	1,489	1,492	0.2%
Copper (real)	US\$/lb	2.90	2.90	0.0%
Lead (real)	US\$/lb	0.95	0.95	-0.1%
Zinc (real)	US\$/lb	1.01	1.01	-0.1%
Nickel (real)	US\$/lb	6.24	6.24	-0.1%
Uranium (real)	US\$/lb	37.18	37.72	1.4%

Source: BofA Global Research

Valuations more attractive

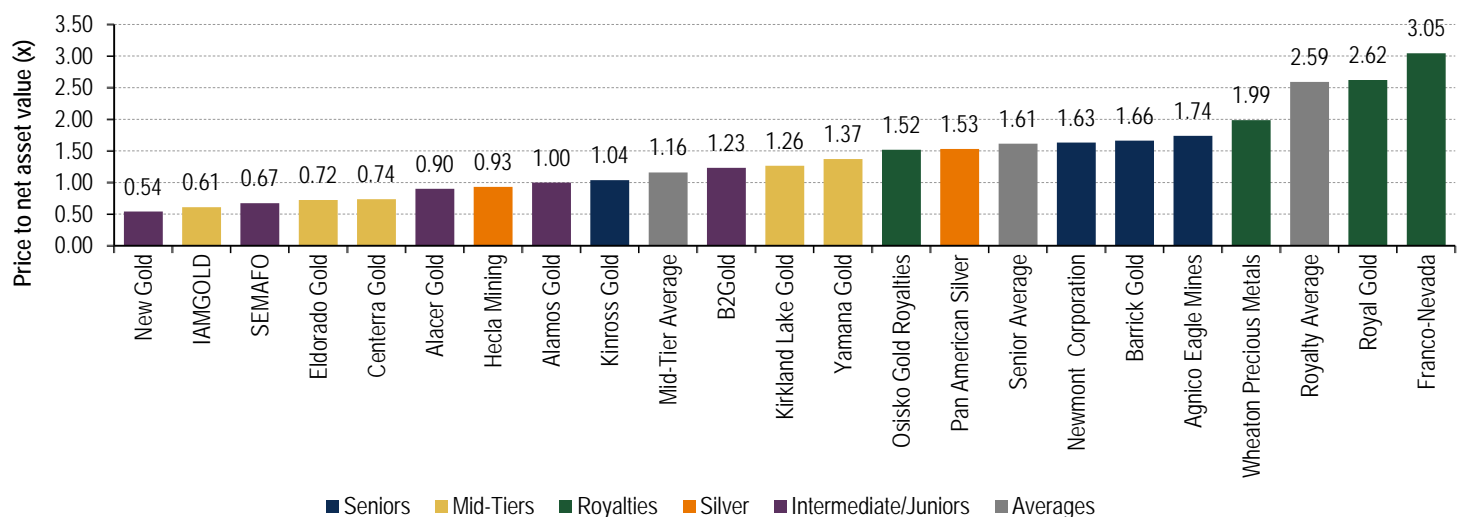
The average price to net asset value multiple for the North American precious metals coverage group declined from 2.14 to 1.77, within the 9 year trading range (1.0-2.0x).

Chart 1: North American gold producer P/NAV history



Source: BofA Global Research

Chart 2: Price to Net Asset Value (P/NAV) for North American Gold and Precious Metals Producers and Royalty Companies



Source: BofA Global Research

Price objective basis & risk

Agnico Eagle Mines (AEM)

Our \$62.00 per share price objective is based on Agnico Eagle trading at 2.00 times our estimated NAV. Historically, North American gold producers have traded between 1 and 3 times NAV, with 3 times being accorded to the organically growth-oriented gold producers. Our NAV of \$31.00/sh is based on a 10-year average gold price forecast of \$1,692/oz, and a 5% discount rate.

Risks of this price objective not being attained are commodity price weakness, the inability to secure financing for expansion or development projects, unforeseen operating problems, and political risk in the countries the company operates in. Upside risks are commodity price strength, better-than-forecast operating performance and favorable changes in the political environment in the regions where it operates.

Alamos Gold (YAGI / AGI)

Our price objective for Alamos Gold (AGI/YAGI) is US\$6.65/C\$9.30, based on the stock trading at 1.00x our estimated net asset value (NAV) and the CAD/USD at 1.40. Our \$7.00/share NAV is based on a 10-year average gold price of \$1,692/oz (long-term price of \$1,600/oz real starts in 2025E) and a 5% discount rate. Historically, North American precious metal producers have traded between 1x and 3x NAV, but more recently between 1x and 2x, with unhedged, growth-oriented producers occupying the upper end of the range and Junior and Mid-tier producers trading historically at a discount to the senior producers. We use a 1.00x NAV multiple for Alamos given that production growth is longer dated to 2023E+ and at risk of not materializing due to the outstanding concession renewal at Kirazli, while in the near-term (2020E) we see production growth down yoy with downside risks and little free cash flow.

Upside risks to our POBR are a higher than forecast gold price, a lower than forecast CADUSD FX rate, earlier than expected receipt of the Kirazli mining concession renewal, a better than expected lower mine tie-in process at Y-D, advantageous changes to the regulatory and/or tax regimes in the jurisdictions in which they operate and the potential for AGI to be acquired at a premium valuation.

Downside risks are a lower than forecast gold price, and higher than forecast CADUSD FX rate, unforeseen operating and development issues.

B2Gold Corp (YBTO / BTG)

Our price objective for B2Gold (BTG/YBTO) is US\$6.40/C\$8.95, based on the stock trading at 1.75x our estimated net asset value (NAV). Our NAV for B2Gold is \$3.65/share, based on a 10-year average gold price of \$1,692/oz (long-term real price of \$1,600/oz starts in 2025E), a 5% discount rate and 1.40x USDCAD. Historically, North American precious metal stocks have traded between 1.0x and 3.0x NAV, a median of 2 times, with unhedged, growth-oriented producers like B2Gold occupying the upper end of the range. We use a 1.50x NAV multiple for BTG vs. mid-tier gold producer peers' target multiples at 0.75x-1.50x.

While our gold price forecast is a key driver of our rating, it is also a risk to our BTG valuation/forecasts. Other downside risks to our BTG valuation include: 1) political risk from Mali, Nicaragua, the Philippines, Namibia and Colombia, 2) mine plan estimates in excess of BTG reserves, 3) lack of commodity diversification, 4) mine plans that are based on outstanding permits or approvals, 5) unfavorable changes in currencies, 6) unforeseen increases in input costs such as the price of oil and labor and 7) the possibility it could lose its social license to operate at any of its mines or projects.

Upside risks include a higher gold price, the possibility for BTG to be acquired and unexpected exploration success.

Barrick Gold (GOLD)

Our price objective (PO) for Barrick Gold is \$30.00 per share and is based on the stock trading at 2.00 times our estimated net asset value (NAV). Our NAV of \$15.00 per share is based on a 5 percent discount rate and a 10-year average gold and copper price forecasts of \$1,692 per ounce and \$2.90 per pound. Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with unhedged, growth-oriented producers with assets located in relatively geopolitically stable regions occupying the upper end of the range. Preventing us from assigning a higher target P/NAV multiple is Barrick's stable gold output.

Downside risks to our price objective are: commodity price weakness, the inability to secure financing for expansion or development projects, unforeseen operating problems, political or legal challenges in the regions in which the company operates, rising capital and operating costs and delays in the development of its growth projects.

Eldorado Gold (EGO)

Our price objective for Eldorado Gold is \$12.00 per share, and is based on the stock trading at 1.00 times its estimated net asset value (NAV). Our NAV estimate of \$12.00 per share is based on a 5 percent discount rate and a 10 year average gold price forecast of \$1,692 per ounce. Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with a median of 1.50 times over the last five years (and 2.00 times longer-term), and with unhedged, growth-oriented producers occupying the upper end of the range. We value EGO at the lower end of the valuation range due to higher political risk for operating in Greece and Turkey.

Risks to our price objective for Eldorado Gold are commodity price weakness, the inability to secure financing for expansion or development projects, unforeseen operating problems, political, legal or permitting challenges in the regions in which the company operates, rising capital and operating costs and delays in the development of its growth projects. Upside risks are a higher than expected gold price, a more hospitable regulatory environment in the jurisdictions in which Eldorado operates (in particular, Greece), more favorable than forecast foreign exchange rates, and better than expected operational results.

Franco-Nevada (YFNV / FNV)

Our price objective for Franco-Nevada is C\$185.50 (US\$132.50) per share, and is based on the stock trading at 3.25 times our estimated net asset value (NAV) on a cash-adjusted basis and a USD/CAD FX rate of 1.40. Our NAV estimate of US\$40.75 is based on a 5 percent discount rate and 10 year average gold price forecast of \$1,692 per ounce. Historically, North American precious metal streaming stocks have traded between 1.50 and 3.50 times NAV, with growth oriented streaming companies at the top end. Based on its strong balance sheet and low-cost asset base, we believe Franco-Nevada deserves a premium multiple. Franco-Nevada also benefits from an experienced management team.

Risks to our price objective for Franco-Nevada are commodity price weakness and unforeseen operating problems at the mines on which its royalties are based.

Hecla Mining (HL)

Our price objective for Hecla Mining is \$1.90 per share, and is based on the stock trading at 0.75 times our estimated net asset value (NAV). Our NAV of \$2.50 per share (\$3.40 dcf and -\$0.92/sh net debt) is based on a 5 percent discount rate and 10 year average silver and gold price forecasts of \$17.97 and \$1,692 per ounce respectively. Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with a median of 1.50 times over the last three years (and 2.00 times longer-term), and with unhedged, growth-oriented producers occupying the upper end of the range. Our 0.75x target multiple reflects the company's weaker financial position.

Upside risks are a recovery in precious and base metal prices and finding new and unexpected silver reserves. Downside risks are commodity price weakness, the inability to secure financing for expansion or development projects, unforeseen operating problems, political, legal or permitting challenges in the regions in which the company operates, rising capital and operating costs and delays in the development of its growth projects.

Hudbay Minerals (YHBM / HBM)

Our C\$1.50 (US\$1.10) per share price objective for Hudbay Minerals (YHBM/HBM) is based on a 3.5x 2020E EV/EBITDA multiple and 3.5x 2021E EV/EBITDA multiple, weighted equally to each year, and a 1.40 USDCAD FX rate. Since 2005, the global copper producers have traded in an EV/EBITDA range from 2.0x to 13.0x with HBM trading at an approximate 30% discount. We typically use 4-8x as a basis for the global copper producer group. For HBM, we use a lower-of-the-range target multiple as we see HBM's copper production growth as longer dated than peers (starting in 2026E) with little to no free cash flow until then.

Upside risks are stronger than forecast copper prices, favorable local currency changes that lower USD costs and the receipt of all permits for Rosemont with no legal challenges.

A downside risk to our PO is a weaker-than-expected global economy that could impede metal demand growth expectations, affecting our commodity price forecasts. Other downside risks are a delay in attaining surface access rights at Pampacancha, the political and regulatory climate in the jurisdictions in which HBM operates (Canada, Peru and the USA), stronger than forecast local currencies that increase USD costs, increases in general operating and development costs, labor action, weather and the inability to attain the needed permits to develop Rosemont.

IAMGOLD Corp. (IAG / YIMG)

Our price objective for IAMGOLD is US\$3.60/C\$5.05 per share, and is based on the stock trading at 0.75 times our estimated net asset value (NAV) on a cash-adjusted basis. Our NAV of US\$4.80 per share (\$4.20 per share DCF of mining assets and \$0.60 per share for net cash) is based on a 5 percent discount rate and a 10 year average gold price forecast of \$1,692 per ounce. Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with a median of 2.00 times over the long-term, and with unhedged, growth-oriented producers occupying the upper end of the range. We ascribe a lower than peak value P/NAV multiple to IAMGOLD to reflect our forecast for higher than average political risk and high cash costs vs. peers.

Downside risks to our price objective for IAMGOLD are commodity price weakness, unforeseen operating problems, the inability to secure financing for expansion or development projects, political, legal or permitting challenges in the regions in which the company operates, rising capital and operating costs and delays in the development of its growth projects. Upside risks to our price objective are stronger-than-expected commodity prices, growth projects that prove to have economics that exceed our expectations, a cost-cutting program at the operations that exceeds our expectations in terms of timing and magnitude and unforeseen concessions from governments in the regions IAMGOLD operates (that lead to improved economics).

Kinross Gold (KGC)

Our price objective for Kinross Gold is \$7.50 per share, and is based on the stock trading at 1.25 times our net asset value (NAV) estimate, reflecting production growth that is forecast to be slightly lower than the senior/mid-tier average. Our NAV of \$5.95 per share is based on a 5 percent discount rate and 10-year average gold and silver price forecasts of \$1,692 and \$17.97 per ounce. Historically, North American precious metal

stocks have traded between 1 and 3 times NAV, with companies with declining production at the lower end of the range.

Risks to our price objective for Kinross Gold are commodity price weakness, the inability to secure financing for expansion or development projects, unforeseen operating problems, political or legal challenges in the regions in which the company operates, rising capital and operating costs and delays in the development of its growth projects or current mine expansions. On the upside, risks are stronger than expected commodity prices and an operating turnaround that exceeds our expectations in terms of timing and magnitude.

Kirkland Lake Gold Ltd (KL / YKL)

Our price objective for Kirkland Lake Gold is \$50.00 (C\$70.00) per share, and is based on 1.75x our adjusted estimated net asset value (NAV). Our NAV of \$29.50 per share (broken down into \$27.35 DCF of mining assets and \$2.15 for cash and investments) is based on a 5% discount rate and 10-year average gold and copper price forecasts of \$1,692 per ounce and \$2.90 per pound, respectively. Historically, North American precious metal stocks have traded between 1 and 3x NAV, with a median of 1.50x over the past three years (2.00x longer-term), and with unhedged, growth-oriented producers with solid balance sheets occupying the upper end of the range.

Upside risks to our price objective are stronger than forecast commodity prices, better than expected success at reducing costs and positive regulatory, permitting or operating developments. Downside risks to our price objective for KL are the inability to secure financing for expansion or development projects, unforeseen operating problems, political, legal or permitting challenges in the regions in which the company operates, rising capital and operating costs and delays in the development of its growth projects.

New Gold Inc. (YNGD / NGD)

Our price objective for New Gold of US\$0.70/C\$1.00 per share is based on the shares trading at 0.50x its estimated net asset value (NAV), appropriately reflecting our outlook for the company relative to its peers, in our view. Our NAV estimate of US\$1.00 per share is based on a 5 percent discount rate and 10 year average gold, silver and copper price forecasts of \$1,692/oz, 17.97/oz and \$2.90/lb respectively. Historically, North American precious metal stocks have traded between 1.0x and 3.0x NAV, with a median of 1.50 times in the past three years (and 2.00 times longer-term), and with unhedged, growth-oriented producers occupying the upper end of the range. We assume a USDCAD exchange rate of 1.40.

Upside risks to our price objective are better than expected co-product basis cost control, and higher than expected commodity prices.

Downside risks are: Operations get worse than expected, NGD has issues refinancing its debt, gold and copper prices go down.

Newmont Corporation (NEM)

Our price objective for Newmont is \$73.00 per share, and is based on the stock trading at 2.00 times our estimated net asset value (NAV). Our NAV of \$36.50 per share is based on a 5 percent discount rate and 10-year average gold and copper price forecasts of \$1,692 per ounce and \$2.90 per pound, respectively. Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with a median of 1.50 times over the past three years (2.00 times longer-term), and with unhedged, growth-oriented producers with solid balance sheets occupying the upper end of the range. The discount to the peak valuation multiple reflects our forecast for Newmont's gold production to be relatively static over the next several years.

Upside risks to our price objective are stronger than forecast commodity prices, better

than expected success at reducing costs and positive regulatory, permitting or operating developments. Downside risks to our price objective for Newmont are the inability to secure financing for expansion or development projects, unforeseen operating problems, political, legal or permitting challenges in the regions in which the company operates, rising capital and operating costs and delays in the development of its growth projects.

Osisko Gold Royalties (YOR / OR)

Our price objective for Osisko Gold Royalties is C\$13.00/sh (US\$9.25/sh), and is based on the stock trading at 1.75 times our estimated net asset value. We use a 1.40 CAD/USD exchange rate to convert our CAD price objective to USD. Our NAV estimate of C\$7.90/sh (C\$6.70/sh dcf of royalty assets and C\$1.20 net cash and investments) is based on a 5 percent discount rate and 10-year average gold price forecast of US\$1,692 per ounce.

Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with unhedged, growth-oriented producers occupying the upper end of the range. Based on its strong balance sheet and low-cost asset base, we believe Osisko deserves a premium multiple.

Risks to our price objective for Osisko are commodity price weakness, unforeseen operating problems at the mines on which its royalties are based, financing challenges, political and/or legal challenges in the regions in which the mines operate, and delays in the development of projects for which the company owns royalties.

Pan American Silver (PAAS)

Our price objective for Pan American Silver is \$22.50 per share, and is based on the stock trading at 1.75x our estimated net asset value (NAV) on a net investments-adjusted basis (i.e. the 1.75x multiple is applied to the asset value and then the value of the equity investments is added to that with an effective 1.0x multiple applied). Our NAV of \$13.30 per share is composed of \$12.30/share for the Pan American controlled assets, based on a 5 percent discount rate for all assets, even Escobal, and 10 year average gold and silver price forecasts of \$1,692 and \$17.97 per ounce respectively, plus \$1.00/share for the equity investments, based on approximate market value. Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with silver producers generally trading at a discount to gold producers.

Upside risks to our price objective are higher than expected commodity price forecasts, a change in the regulatory/permitting environment in the Chubut province of Argentina where Pan American's dormant Navidad project is located, operating results that exceed expectations and lower than expected capital costs.

Downside risks to our price objective are unforeseen operating issues, realized commodity prices that are below our forecast, regulatory issues (including tax, environmental and permitting) that cause financial results to differ from our forecast, and higher than expected capital costs.

Royal Gold (RGLD)

Our price objective for Royal Gold is \$106.00 per share, and is based on the stock trading at 2.50 times our estimated net asset value (NAV). Our NAV of \$42.57 per share (\$43.82 discounted cash flow of royalty assets less \$1.25 for net debt) is based on a 5 percent discount rate and 10-year average gold and silver price forecasts of \$1,692 and \$17.97 per ounce respectively. Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with unhedged, growth-oriented producers occupying the upper end of the range. Given Royal Gold's status as a royalty company as opposed to an operator, we value the company using a multiple of 2.50 times to reflect its good cash flow generating ability.

Upside risks to our PO are substantially higher commodity prices, higher-than-expected output at the royalty assets, and/or higher reserves at the royalty assets. Downside risks are a weaker gold price, problems at the operations, and no exploration success.

Wheaton Precious Metals (WPM)

Our price objective for Wheaton is \$44.00 per share, and is based on the stock trading at 2.50 times our estimated net asset value (NAV). Our NAV of \$17.60 per share (\$18.56 DCF less \$0.96/sh net debt) is based on a 5 percent discount rate and a 10-year average silver and gold price forecast of \$17.97 per ounce and \$1,692/oz. Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with a median of 2.00 times longer-term (1.50 times in the last three years), and with royalty/streaming companies occupying the upper end of the range.

Risks to our price objective for Wheaton are continued commodity price weakness, unforeseen operating problems at the mines on which its silver streams are based, financing challenges, political or legal challenges in the regions in which the mines operate, and delays in the development of projects for which the company silver streams.

Yamana Gold (AUY / YYRI)

Our price objective for Yamana Gold is \$4.80 per share (C\$6.70/sh), and is based on the stock trading at 1.50 times our estimated net asset value (NAV). Our NAV of \$3.20 per share (\$3.90/sh DCF of mining assets and net debt of \$0.70/sh) is based on a 5 percent discount rate and 10-year average gold and silver price forecasts of \$1,692 and \$17.97 per ounce, respectively. In order to derive our CAD price objective we assume a CAD/USD FX rate of 1.40. Historically, North American precious metal stocks have traded between 1 and 3 times NAV, with unhedged, growth-oriented producers occupying the upper end of the range and those with little growth and/or with concerning amounts of debt occupying the lower end.

Upside risks to our price objective for Yamana Gold are commodity price strength, improvements in the political or legal environment in the regions in which the company operates, falling capital and operating costs, favorable exchange rate movements and faster than expected development of its growth projects or current mine expansions.

Downside risks are commodity price weakness, unforeseen operating problems, the inability to secure financing for expansion or development projects, political or legal challenges in the regions in which the company operates, rising capital and operating costs and delays in the development of its growth projects or current mine expansions.

Analyst Certification

We, Michael Jalonen, CFA and Lawson Winder, CFA, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Canada Metals and Mining Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Agnico Eagle Mines	AEM	AEM US	Michael Jalonen, CFA
	B2Gold Corp	YBTO	BTO CN	Lawson Winder, CFA
	B2Gold Corp	BTG	BTG US	Lawson Winder, CFA
	Barrick Gold	GOLD	GOLD US	Michael Jalonen, CFA
	Cameco Corporation	YCCO	CCO CN	Lawson Winder, CFA
	Cameco Corporation	CCJ	CCJ US	Lawson Winder, CFA
	Centerra Gold	YCG	CG CN	Michael Jalonen, CFA
	Eldorado Gold	EGO	EGO US	Michael Jalonen, CFA
	First Quantum Minerals	YFM	FM CN	Lawson Winder, CFA
	Franco-Nevada	YFNV	FNV CN	Michael Jalonen, CFA
	Franco-Nevada	FNV	FNV US	Michael Jalonen, CFA
	IAMGOLD	YIMG	IMG CN	Michael Jalonen, CFA
	IAMGOLD Corp.	IAG	IAG US	Michael Jalonen, CFA
	Kirkland Lake Gold Ltd	YKL	KL CN	Michael Jalonen, CFA
	Kirkland Lake Gold Ltd	KL	KL US	Michael Jalonen, CFA
	Lundin Mining	XLPRF	LUMI SS	Lawson Winder, CFA
	Lundin Mining Corp	YLUN	LUN CN	Lawson Winder, CFA
	Newmont Corporation	NEM	NEM US	Michael Jalonen, CFA
	Osisko Gold Royalties	YOR	OR CN	Michael Jalonen, CFA
	Osisko Gold Royalties	OR	OR US	Michael Jalonen, CFA
	Wheaton Precious Metals	WPM	WPM US	Michael Jalonen, CFA
NEUTRAL				
	Alacer Gold	YASR	ASR CN	Michael Jalonen, CFA
	Kinross Gold	KGC	KGC US	Michael Jalonen, CFA
	Pan American Silver	PAAS	PAAS US	Lawson Winder, CFA
	Yamana Gold	AUY	AUY US	Michael Jalonen, CFA
	Yamana Gold	YYRI	YRI CN	Michael Jalonen, CFA
UNDERPERFORM				
	Alamos Gold	YAGI	AGI CN	Lawson Winder, CFA
	Alamos Gold	AGI	AGI US	Lawson Winder, CFA
	Hecla Mining	HL	HL US	Michael Jalonen, CFA
	Hudbay Minerals	YHBM	HBM CN	Lawson Winder, CFA
	HudBay Minerals	HBM	HBM US	Lawson Winder, CFA
	New Gold Inc.	YNGD	NGD CN	Michael Jalonen, CFA
	New Gold Inc.	NGD	NGD US	Michael Jalonen, CFA
	Royal Gold	RGLD	RGLD US	Michael Jalonen, CFA

Disclosures

Important Disclosures

Equity Investment Rating Distribution: Non-Ferrous Metals/Mining & Minerals Group (as of 31 Mar 2020)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	57	53.77%	Buy	25	43.86%
Hold	23	21.70%	Hold	12	52.17%
Sell	26	24.53%	Sell	12	46.15%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2020)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1602	52.15%	Buy	1005	62.73%
Hold	713	23.21%	Hold	463	64.94%
Sell	757	24.64%	Sell	382	50.46%

* Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.



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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
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