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RBC Capital Markets

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January 4, 2019

Q1/19 Global Mining Best Ideas Portfolio

Increasing Precious Metals; Maintaining remainder of sector weightings

For Q1/19, we increase our **Precious Metals** weighting to **Overweight** (was Market Weight), and maintain the remainder of sector weights with **Fertilizers** at **Overweight**, **Uranium** at **Market Weight**, and **Base Metals** and **Diversified / Bulk Commodities** at **Underweight**. We update our portfolio by adding **AAL**, **AEM**, **EDV**, **IGO**, **LUN**, and **WPM** and removing **ANTO**, **BTO**, **CEY**, **DGC**, **HBM** and **SAR** (see page 6 for company-specific details).

We see a favourable set-up for the **Precious Metals** sector in Q1/19 given historical seasonal strength, the impact of an expected reduced pace of Fed rate hikes, and the increase in equity market volatility & uncertainty (page 2). We maintain our **Fertilizers** weighting at Overweight, as we expect fertilizer prices to be supported by strong spring demand in Q1/19. We maintain **Uranium** at Market Weight as we believe uranium prices should remain firm, helped by production curtailments over the past 12 months. We also maintain our **Base Metals** and **Diversified / Bulk Commodities** sector weightings at Underweight. In our view, the stream of negative economic news impacting base metals commodities is likely to keep investor sentiment negative for the equities. We continue to see further **downside risk** to the world's iron ore markets as contracting Chinese steel margins continue to have a negative impact (page 2). Metallurgical coal is exposed to weaker steel pricing, however we see tighter mine supply helping to support prices.

Q1/19 Best Ideas Equity Recommendations

- **Fertilizers:** We maintain our positions in **MOS** and **NTR**.
- **Precious Metals:** We add **AEM**, **EDV** and **WPM** and remove **BTO**, **CEY**, **DGC** and **SAR**. We maintain the remainder of our precious metals portfolio.
- **Uranium:** We maintain our position in **CCO**.
- **Base Metals:** We add **IGO** and **LUN** and remove **ANTO** and **HBM**. We maintain our position in **FM** for Cu exposure, **IVN** for Cu/ZN leverage and **TV** for Zn exposure.
- **Diversified Miners / Bulk Commodities:** We add **AAL** and continue to hold **GLEN** for its Cu/Co exposure and **TECK.B**, which offers FCF growth with exposure to coking coal and Cu/Zn.

Q4 portfolio was down 2% (USD) versus the MSCI Benchmark down 9%[1]

The RBC CM portfolio was down 2% (USD terms) in Q4/18 versus our benchmark, the MSCI World Metals and Mining Index, down 9%. YTD, the portfolio is down 10% (USD terms) versus the benchmark which is down 18% (page 4). Since inception, the portfolio has returned a CAGR of 2.6% (USD) vs. the benchmark's -3.8%.

Fertilizers
Overweight, unchanged from Q4/18
Mosaic
Nutrien[2]
Precious Metals
Overweight, was Market Weight in Q4/18
Agnico Eagle Mines[3]
Dacian Gold
Endeavour Mining[3]
Fresnillo
Goldcorp
Kirkland Lake Gold
Wheaton Precious Metals[3]
Yamana Gold
Uranium
Market Weight, unchanged from Q4/18
Cameco
Base Metals
Underweight, unchanged from Q4/18
First Quantum Minerals
Independence Group[3]
Ivanhoe Mines
Lundin Mining[3]
Trevali Mining
Diversified / Bulk Commodities
Underweight, unchanged from Q4/18
Anglo American[3]
Glencore
Restricted Company[4]
Teck Resources[5]

Source: Company reports, RBC Capital Markets estimates

[1] Best Ideas Portfolio performance (USD) based on equal weighted portfolio construction and initial $10,000 investment made on September 30, 2008.
NOTE: Past results are not necessarily an indicator of future performance. These results exclude transaction costs.

[2] At the time of publication, one or more of analysts that were responsible for the preparation of the Global Mining Best Ideas Portfolio, or their household members, held a long position in the common shares of Nutrien Ltd.

[3] Represent new additions to the Best Ideas portfolio in Q1/19.

[4] This security is restricted pursuant to RBC Capital Markets policy. Its removal from the Global Mining Best Ideas List has not been reviewed and confirmed as of the date hereof and will be reviewed again only at such time as the security is no longer restricted.

[5] **RBC is acting as the Exclusive Financial Advisor to Sumitomo Metal Mining Co., Ltd. and Sumitomo Corporation to acquire an indirect 30% equity interest with Teck Resources Limited in the Quebrada Blanca Phase 2 Project in Chile.**

RBC CM Global Mining Q1/19 Best Ideas Portfolio Change Summary

Global Mining Research

- **Six additions to the Best Ideas Portfolio:** Agnico Eagle Mines, Anglo American, Endeavour Mining, Independence Group, Lundin Mining, and Wheaton Precious Metals**.** For potential catalysts and investment rationale, please see Exhibit 4.
- **Six deletions from the Best Ideas Portfolio:** Antofagasta, B2Gold, Centamin, Detour Gold, Hudbay Minerals, and Saracen Mineral Holdings.

We maintain Fertilizers at Overweight, with prices supported by strong spring demand in Q1/19

We maintain our **Fertilizer** sector weighting at **Overweight**. We expect fertilizer prices to be supported by strong spring demand in Q1/19, as US planted acreage remains high and global fertilizer inventories remain relatively tight. Potash market fundamentals remain favourable as contract shipments keep the market balanced. Nitrogen and phosphate prices saw a seasonal lull at end-2019, but should benefit from renewed demand in the new year, while margins for North American producers for both products remain strong. We retain **Nutrien** and **Mosaic** in our portfolio.

We increase our Precious Metals to Overweight from Market Weight given historical seasonal strength

We increase our **Precious Metals** sector weighting to **Overweight** (was Market Weight in Q4/18). Since 2013, gold has rallied by an average of 8% from mid-December through mid-February with the GDX up an average of 24%. If financial risk builds and the Fed becomes significantly more dovish we could see a more meaningful rally in gold similar to 2016. In addition, the recent increase in equity market volatility could persist given fears over slowing economic growth. A potential slowdown in the US economy could result in a weaker US dollar and increased investment in gold equities. We add **Agnico Eagle Mines**, **Endeavour Mining** and **Wheaton Precious Metals** to the portfolio and remove **B2Gold**, **Centamin, Detour Gold** and **Saracen Mineral Holdings**.

We maintain our Uranium at Market Weight

We maintain our **Uranium** sector weighting at **Market Weight**. We believe uranium prices should remain firm, helped by production curtailments over the past 12 months. The US Section 232 review on uranium imports has created some uncertainty for utilities, which may limit activity until mid-2019 when pent up demand enters the market. We retain **Cameco** in our portfolio.

We maintain our Base Metals at Underweight as sentiment remains negative

We maintain our **Base Metals** sector weighting at **Underweight**. A lot of the bad news is already reflected by the mining equities, although we need to see sentiment for commodity prices turn more positive to bring buyers back into the space. After falling 23% YTD, Industrial metals stocks are now trading at a 16% discount to NAV at the forward curve. Historically, a discount of around 20% has been a good entry point. We add **Independence Group** and **Lundin Mining** to the portfolio and remove **Antofagasta** and **Hudbay Minerals**.

We maintain Diversified / Bulk Commodities at Underweight

We maintain our **Diversified / Bulk Commodities** sector weighting at **Underweight**. We continue to see substantial risks to the world's iron ore markets in the near term as a lower Chinese steel margin removes the internal market skew towards higher-grade products that arose from Chinese supply-side reforms and a period of elevated demand. Met coal is exposed to weaker steel; however, we see tighter mine supply helping to support prices. We add **Anglo American** and retain **Glencore** and **Teck Resources** in our portfolio.

A summary table of our Q1/19 Best Ideas portfolio, which includes the changes noted above, is shown in Exhibit 1.

Exhibit 1: RBC CM Global Mining Best Ideas Portfolio – Q1/19

Q1 2019 Best Ideas	Exchange Symbol	Price 31-Dec-18
Fertilizers (Overweight, unchanged from Q4/18)		
Mosaic	NYSE: MOS	$29.21
Nutrien	NYSE: NTR; TSX: NTR	$47.00
Precious Metals (Overweight, was Market Weight in Q4/18)		
Agnico Eagle Mines	NYSE: AEM; TSX; AEM	$40.40
Dacian Gold	ASX: DCN	A$2.50
Endeavour Mining	TSX: EDV	C$22.34
Fresnillo	LSE: FRES	£8.60
Goldcorp	NYSE: GG; TSX: G	$9.80
Kirkland Lake Gold	TSX: KL; NYSE: KL; ASX: KLA	C$35.60
Wheaton Precious Metals	NYSE: WPM; TSX: WPM	$19.53
Yamana Gold	NYSE: AUY; TSX: YRI	$2.36
Uranium (Market Weight, unchanged from Q4/18)		
Cameco	TSX: CCO; NYSE: CCI	C$15.48
Base Metals (Underweight, unchanged from Q4/18)		
First Quantum	TSX: FM	C$11.04
Independence Group	ASX: IGO	A$3.82
Ivanhoe Mines	TSX: IVN	C$2.37
Lundin Mining	TSX: LUN	C$5.64
Trevali Mining	TSX: TV	C$0.42
Diversified / Bulk (Underweight, unchanged from Q4/18)		
Anglo American	LSE: AAL	£17.48
Glencore	LSE: GLEN	£2.91
Teck Resources	TSX: TECK.B; NYSE: TECK	C$29.39

All prices are in USD unless otherwise noted. Additions to the Q1/19 portfolio are shaded.
Source: RBC Capital Markets, Bloomberg

RBC CM Global Mining Best Ideas Portfolio – Q4/18 Performance

Q4/18 Performance – Mixed performance across sectors

The Q4/18 RBC CM Global Mining Best Ideas equal-weighted portfolio was down 2% (USD) in the quarter, stronger than the MSCI World Metals and Mining Index benchmark performance of -9%. Strong performance from Precious Metal names were driven by an increased gold price, which increased ~8% from sub $1,200/oz levels to ~$1,280/oz. This strong performance was offset by weaker performance across the Base Metal and Fertilizer sectors. Copper and zinc declined 3% and 2%, respectively, during the quarter, while **MOS** and **NTR** were impacted by lower fertilizer prices.

The performance of our Best Ideas portfolio is shown in Exhibit 2 and Appendix I.

Exhibit 2: RBC CM Global Mining Best Ideas Portfolio – Q4/18 Performance

Q4 2018 Best Ideas	Closing Price 28-Sep-18	Closing Price 31-Dec-18	Local Price Return
Fertilizers (Overweight, was Market Weight in Q3/18)			
Mosaic	$32.48	$29.21	(10.1%)
Nutrien	$57.70	$47.00	(18.5%)
	Average Local Return:		***(14.3%)***
Precious Metals (Market Weight, was Overweight in Q3/18)			
B2Gold*	C$2.94	C$3.99	35.7%
Centamin*	£1.06	£1.09	2.4%
Dacian Gold	A$2.23	A$2.50	12.1%
Detour Gold*	C$10.44	C$11.53	10.4%
Fresnillo	£8.21	£8.60	4.7%
Goldcorp	$10.20	$9.80	(3.9%)
Kirkland Lake Gold	C$24.48	C$35.60	45.4%
Saracen Mineral Holdings*	A$1.87	A$2.93	57.1%
Yamana Gold	$2.49	$2.36	(5.2%)
	Average Local Return:		***17.6%***
Uranium (Market Weight, unchanged from Q3/18)			
Cameco	C$14.73	C$15.48	5.1%
	Average Local Return:		***5.1%***
Base Metals (Underweight, was Market Weight in Q3/18)			
Antofagasta*	£8.55	£7.83	(8.4%)
First Quantum	C$14.71	C$11.04	(24.9%)
Hudbay Minerals*	C$6.54	C$6.46	(1.2%)
Ivanhoe Mines	C$2.75	C$2.37	(13.8%)
Trevali Mining	C$0.73	C$0.42	(43.2%)
	Average Local Return:		***(18.3%)***
Diversified / Bulk (Underweight, unchanged from Q3/18)			
Glencore	£3.32	£2.91	(12.2%)
Teck Resources	C$31.13	C$29.39	(5.6%)
	Average Local Return:		***(8.9%)***

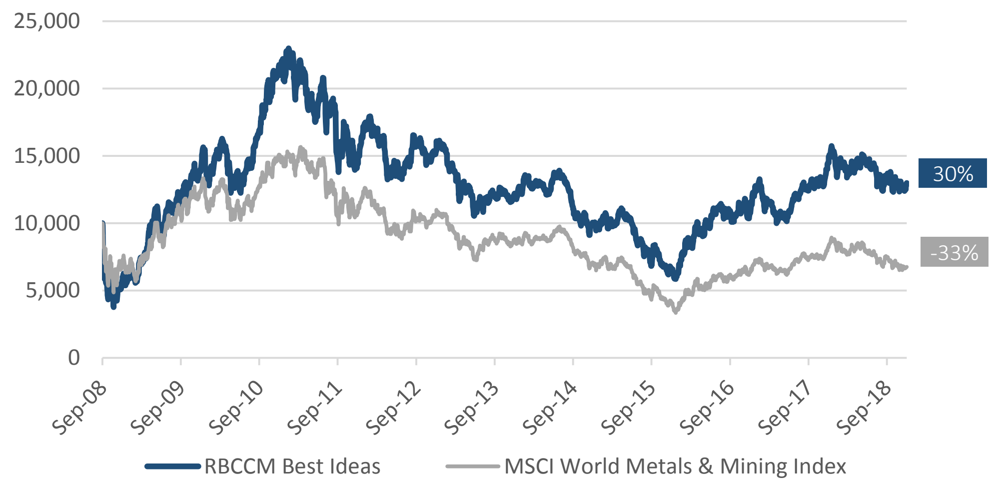
Benchmark Price Returns	30-Sep-08*	2017	YTD	QTD
MSCI World Metals & Mining Index	*-3.8%*	*30%*	*-18%*	*-9%*
Best Ideas Portfolio (Local)		*26%*	*-5%*	*1%*
Best Ideas Portfolio (USD)	*2.6%*	*34%*	*-10%*	*-2%*

All prices are in USD unless otherwise noted; Best Ideas Portfolio performance based on equal weighted portfolio construction.
*Names removed this quarter
Source: RBC Capital Markets, Bloomberg

Performance versus MSCI Benchmark since inception

Since its inception at the beginning of Q4/08, our portfolio is up 30% (USD), ahead of our MSCI World Metals and Mining Index benchmark at -33% (Exhibit 3). This translates to a 10.25-year CAGR of 2.6% (USD) for the Best Ideas Portfolio, versus the MSCI at -3.8%.

Exhibit 3: RBCCM Global Mining Best Ideas Portfolio Performance – Since Inception (09/30/08 = $10,000 investment)



Best Ideas Portfolio performance based on equal weighted portfolio construction (USD). Portfolio and benchmark exclude dividend payments. Priced as of market close on December 31, 2018.
NOTE: Past results are not necessarily an indicator of future performance. These results exclude transaction costs.
Source: RBC Capital Markets, Bloomberg

Exhibit 4: RBC CM Global Mining Best Ideas Portfolio – Q1/19 Investment Rationale

Q1/19 Best Ideas		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Fertilizers (Overweight, unchanged from Q4/18)		
Mosaic NYSE: MOS Outperform	$29.21	We think Mosaic benefits from recent strength in the phosphate and potash markets, while a strong Brazilian ag market and synergy realizations drive growth in the Fertilizantes business. We expect Mosaic to realize these dynamics through 2018/2019 which should help close the valuation gap with peers. • Phosphate market dynamics improved significantly in 2018 due to strong demand, gradual new supply ramp-ups, and better producer discipline. This is reflected in strong phosphate producer margins that have reached 5-year highs. Potash prices have continued to trend positively through 2018 as the market remains relatively tight. We expect these improvements to benefit Mosaic's earnings. • Mosaic's acquisition of Vale's Brazil-based phosphate and potash assets added ~4Mt fertilizer production and significantly enhance the company's presence in Brazil. The company expects to realize $275M annual synergies before end-2020 and could also benefit from recent de-valuation of the Brazilian real. • The company's Esterhazy K3 potash mine expansion is expected to ramp up through 2019. The mine adds ~1Mt additional capacity at full ramp-up, but more importantly de-risks the brine inflow issue at the K1 and K2 mines, and allows the company to reduce brine pumping costs.
Nutrien NYSE: NTR; TSX: NTR Outperform	$47.00	We believe Nutrien is an attractive investment offering strong synergy potential, significant capital re-allocation opportunities, and robust FCF generation. We expect the company will have >$10B cash to deploy from 2019-2021, likely allocated to a combination of share buybacks, dividends, and Retail M&A opportunities. • Nutrien has raised the synergy target to $600M, which is expected to be realized on a run-rate basis by end-2019. We think these synergies are achievable and offer an attractive company-specific catalyst that should help drive earnings and cash flow improvement. • We expect Nutrien to return capital to shareholders over the next 12-18 months in the form of share repurchase and increased dividend. We believe the upsized NCIB (raised to 50M shares, from 32M shares) should be completed in Q1/19 and another repurchase is likely to be undertaken shortly afterwards, in line with our expectations for continued cash return to shareholders. We also expect a 5-10% dividend raise before end-2019. • We think Nutrien should benefit from strong market fundamentals for both crops and fertilizers. Although crop prices remain relatively range-bound, we still expect very high planted acreage. Nitrogen prices should rebound into spring 2019 while natural gas costs decline. Potash prices should maintain recent strength through at least mid-2019 with potential for upside to our expectations in 2H/19 if new capacity ramp-ups continued to be delayed.

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Q1/19 Best Ideas (cont'd.)		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Precious Metals (Overweight, was Market Weight in Q4/18)		
Agnico Eagle Mines NYSE: AEM; TSX: AEM Outperform *New Addition*	$40.40	**Growing base of low-cost production in Canada, Finland, and Mexico:** We estimate production to improve from 1.61M oz at AISC of ~$900/oz in 2018 to 2.1M oz at AISC of ~$840/oz in 2020, driven by new production from the Amaruq and Meliadine development projects beginning in H1/19. Agnico is advancing a number of mine site organic growth projects, including the LaRonde 3 high-grade zone at depth, the Goldex Deep 2 and South zones and Akasaba West deposit, the Kittila shaft project to allow access to the Rimpi and Sisar zones, and the Amaruq V-Zone decline. **Production growth to drive free cash flow and potential dividend growth:** We expect significant operating free cash flow growth beginning in mid-2019, driven by completion of the Meliadine and Amaruq development projects, which we expect to support 29% production growth from 2018 to 2020. At $1,300/oz gold, we forecast operating free cash flow (FCF) to increase from negative $2.00/sh in 2018 to $1.32/sh in 2019, $2.45/sh in 2020, and $3.55/sh in 2021, providing a FCF yield of 6.0% over the next 3 years. In our view, there is potential for the current $0.44/sh dividend to return to the 2013 level of $0.88/sh. **Agnico's reserve/resource growth stands out among large cap peers:** Year-over-year gold reserves increased by 3% to 20.6 Moz at YE2017 at unchanged $1,150/oz and $1,200/oz gold price assumptions, including the conversion of 2.4 Moz of Amaruq resources. With the YE2018 report we see potential for further reserve/resource additions at Amaruq, Kittila (Sisar and Rimpi), the Barsele Project, the North and South Odyssey zones at Canadian Malartic (50/50 AEM/AUY), El Barqueño, Goldex Deep 1 & 2 and South zones, the Kirkland Lake projects (now 100% AEM) and at Pinos Altos.
Dacian Gold ASX: DCN Outperform	A$2.50	Dacian Gold's Mount Morgans (8-year mine life, 200koz production profile, sub A$1,000/oz AISC) provides a high-margin, greenfield growth investment in an established and stable jurisdiction. The operation has commenced production, and is expected to declare commercial production by the end of 2018. As the operation ramps up (2H weighted production in FY19) we expect the current discount in the share price to unwind. We believe the recent performance in the share price stems from caution around the ramp-up of the project; however, we maintain a constructive view on DCN given valuation support (RBCe P/NAV ~0.7x) based on a steady-state production level of +200kozpa. The company also has significant exploration potential around the Mount Morgans operation, reflected by the recent increase in ore reserves to 1.4moz (previously 1.2moz). Included in these updated reserves was a maiden ore reserve for the Cameron Well deposit which could become a third production centre at Mount Morgans. Further, given the relative lack of growth among cashed-up Australian and international large-cap producers, DCN should rightly be a corporate target, in our view.

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Q1/19 Best Ideas (cont'd.)		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Precious Metals (Overweight, was Market Weight in Q4/18) (continued)		
Endeavour Mining TSX: EDV Outperform *New Addition*	C$22.34	Our Outperform rating is premised on Endeavour's ability to deliver incremental value through a back-to-basics approach, centred around a renewed investment in exploration and focus on bringing lower-cost and higher-quality mines into production. • **Delivering on its core strategy:** Endeavour continues to deliver on its core strategy of upgrading its portfolio through lower-cost and longer-life assets. The acquisition of Avnel Gold (80% of Kalana project) and sale of Nzema and recent sale of Tabakoto are in line with this strategy. • **Improving fundamentals:** We expect consolidated production to increase at a 3-year CAGR of +7% through 2021 and all-in sustaining costs to fall 3%. The improvement is expected to be driven by start-up of the CIL circuit at Ity (mid-2019) and the recent divestment of the higher cost Tabakoto mine. • **Exploration expected to remain a key focus:** We expect the renewed focus on exploration to remain a key value driver for the company as it seeks to extend and enhance the production profile at its core operations and surface new projects organically.
Fresnillo LSE: FRES Top Pick	£8.60	Fresnillo is both the world's largest primary silver producer and the operator of the largest primary silver mine in the world. FRES expects to reach 70 Moz of silver production by 2020 including ounces from Silverstream. The company is a lower-cost producer with low all-in sustaining costs in the lower half of the cost curve for the industry. The group's strategy of investing in long-term growth should continue to pay off with peer-leading returns.

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Q1/19 Best Ideas (cont'd.)		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Precious Metals (Overweight, was Market Weight in Q4/18) (continued)		
Goldcorp NYSE: GG; TSX: G Outperform	$9.80	**Market expected to begin to pay up for forecast production growth:** The key Peñasquito, Cerro Negro and Éléonore assets appear on track to ramp up production and contribute stronger free cash flow by early 2019, and we expect GG to successfully navigate the remaining transition phase. We believe this should support a continued positive re-rating of GG's shares as management re-establishes investor confidence in the operations/strategy. **Operating improvements expected to drive strong FCF generation:** We forecast gold production of 2.3 M oz in 2018 with AISC of ~$860/oz, then expect production to grow to 2.6 M oz in 2019 and 2.9 Moz in 2020, with AISC of ~$700-720/oz, benefiting from higher base metal by-product credits. At $1,300/oz gold, we forecast attributable operating FCF to grow from negative $0.12/sh in 2018 to an average of positive $0.83/sh for 2019-2021, providing a FCF yield of 8.5% over the next 3 years. Notably, Peñasquito is expected to benefit from higher grades in 2019, contributing an estimated ~45% of company-wide operating asset EBITDA.
Kirkland Lake Gold TSX: KL; NYSE: KL; ASX: KLA Outperform	C$35.60	Our Outperform rating on Kirkland Lake is predicated on the company's underlying exploration prospects, solid forecast free cash flow, strong balance sheet, low jurisdictional risk, and organic growth potential. • **Macassa and Fosterville core operations:** We forecast average annual production of 835 Koz at an all-in sustaining cost of $635/oz through 2022. Over this period, we expect Macassa to deliver 255 Koz and Fosterville 450 Koz. • **Exploration expected to be key value driver:** We expect exploration to remain a key value driver for Kirkland Lake as the company targets higher grade resources at Macassa, Fosterville, and Taylor. Such success should lead to further reserve and resource growth as recently demonstrated. • **Potential to leverage existing infrastructure:** We see the potential for Kirkland Lake to leverage existing infrastructure and excess mill capacity at Macassa, Holt Complex, and Fosterville to bolster output and shareholder return.

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Q1/19 Best Ideas (cont'd.)		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Precious Metals (Overweight, was Market Weight in Q4/18) (continued)		
Wheaton Precious Metals NYSE: WPM; TSX: WPM Outperform *New Addition*	$19.53	Our positive outlook on Wheaton Precious Metals is premised on Wheaton's robust free cash flow potential, which is backed by a portfolio of lower-cost and longer-life assets. With the tax dispute with the CRA now resolved, our Outperform rating is based on the company's discounted valuation relative to key peers, which we believe is no longer justified with tax overhang removed. • **Strong free cash flow:** With strong operating margins and limited outstanding capital commitments, we expect Wheaton to generate significant free cash flow. We forecast average free cash flow of ~$560M (~$400M after dividends) at long-term gold ($1,300/oz) and silver ($16.50/oz) prices from 2019 to 2021. • **Long-term optionality:** Wheaton could surface additional long-term value through the potential development of the Rosemont and Navidad projects. • **Insulated cost structure:** Given its relatively fixed cost structure and fixed capital outlays, Wheaton is less influenced by the operating/capital cost pressures which can impact the profitability of its producing peers. • **Robust sustaining cash margins:** We forecast an average cash flow margin of ~60% through 2021. • **Dividend linked to operating cash flows:** With its quarterly dividend linked to 30% of average operating cash flows over the prior four quarters, Wheaton provides investors with direct income exposure to Ag, Au, Pd and soon Co.
Yamana Gold NYSE: AUY; TSX: YRI Outperform	$2.36	Our Outperform rating for Yamana Gold is based on improving operational performance and our view that Yamana has entered an inflection point with respect to EBITDA, cash flow and free cash flow growth driven by strong forecast margins from Cerro Moro and guided pull-back in growth capital over the next few years. We expect the free cash flow generated to be put towards reducing the overall debt position. • **Operational performance continues to improve:** Yamana continues to demonstrate quarter-over-quarter operational consistency with its core mines delivering solid results. The gains appear to be related to a number of changes the company has made over the past few years to streamline technical services, freshen up its operational teams and focus on productivity improvements. • **Cerro Moro key cash flow driver:** With the ramp-up underway, the high-grade project is expected to result in a material improvement in free cash flow as lower cost production comes on-line and capital intensity wanes. • **Balance sheet de-levering now underway:** With the recent sale of non-core assets and ramp-up of Cerro Moro over the next few months, we believe Yamana has begun a key de-levering phase which should help remove a key overhang on the company's share price.

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Q1/19 Best Ideas (cont'd.)		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Uranium (Market Weight, unchanged from Q4/18)		
Cameco TSX: CCO; NYSE:CCJ Sector Perform	C$15.48	We believe Cameco is well positioned to benefit from an eventual long-term recovery in uranium prices, while operational efficiencies support a strong financial position in the near term. • Cameco suspended production at McArthur River mine and Key lake mill starting end-January 2018 and announced in July 2018 the suspension will be extended indefinitely until market conditions improve. In the meantime, the company expects to draw down inventories and make market purchases to meet sales commitments. We think production could be re-started in 2020, when we expect uranium prices to recover into the $35-45/lb range. • On September 27, 2018, the Tax Court of Canada ruled in favour of Cameco in the tax dispute with the CRA regarding years 2003, 2005, and 2006. We believe this is a very favourable decision for Cameco that significantly alleviates concern regarding the CRA tax dispute and could result in a more expedited process for subsequent years that have been reassessed. However, the transfer pricing decision was appealed by the CRA – Cameco estimates it could take two years to move through Appeals Court and, if the appeal is then brought to the Supreme Court, could take another two years. • Cameco and TEPCO are in an arbitration process to resolve a contract dispute, with Cameco seeking US$682M in damages. A hearing has been scheduled for January 2019. We think a settlement in Cameco's favour would be positive to valuation.

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Q1/19 Best Ideas (cont'd.)		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Base Metals (Underweight, unchanged from Q4/18)		
First Quantum Minerals TSX: FM Outperform	C$11.04	We believe that First Quantum offers investors the potential for attractive returns based on its copper production growth over the next 4 years and management's project development and mining expertise. Over the 2018-21 period, we forecast copper production growth of 46% from 596Kt to 867Kt with significant growth in free cash flow to reduce debt, increase the dividend and invest in existing mines & greenfield opportunities like Taca Taca. First Quantum also has an improved balance sheet. Following the recent debt refinancing, the company has no senior notes due until 2021 and has secured adequate financing through to the end of spending at Cobre Panama Key near-term potential catalysts include: • Early 2019: Settlement of import duty assessment with Zambian Revenue Authority • 2019: Complete second mill circuit in H1/19 and commercial production at Cobre Panama in early H2/19
Independence Group ASX: IGO Outperform *New Addition*	C$3.82	Independence Group offers diversity from a product mix perspective within the base metals space. The company's flagship Nova operation provides exposure to nickel, whilst Tropicana provides investors with gold exposure. The divestment of Jaguar and care and maintenance at Long has simplified the portfolio (Tropicana is managed by AAG), shifting IGO's focus towards Nova and its exploration programs around the Fraser Range. We retain our constructive view on the Nova resource and believe that delivering consistent performance is the key to removing any residual risk overhang being applied by the market. Additional flexibility from greater development access (LOM capital development to be completed at the end of CY18) is intended to improve both costs (efficiency) and production (grades). At Tropicana, grade streamlining is expected to continue through FY19 and this will support cash flow. IGO is also firmly focused on exploration – primarily focused in and around Nova and the Fraser Range – allocating a budget of A$51m through FY19. We view current trading levels as an attractive entry point for those investors seeking base metals exposure.

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Q1/19 Best Ideas (cont'd.)		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Base Metals (Underweight, unchanged from Q4/18) (continued)		
Ivanhoe Mines TSX: IVN Outperform, Speculative Risk	C$2.37	Ivanhoe Mines has the potential to realize significant value as it advances its three main projects through development and into production over the next five years. The company intends to become a global, diversified mining and exploration company by advancing Kamoa-Kakula (Cu) and Platreef (PGM) from discovery to production, reopening the Kipushi (Zn) mine, and maintaining active exploration and acquisition programs. Kamoa-Kakula is one of the largest undeveloped high-grade copper deposits in the world, and Platreef could emerge as a low-cost PGM producer. The private placement in June 2018 with CITIC Metals removes a key risk and allows Ivanhoe to progress with construction and unlock value at all three assets. The near-term potential catalysts for Ivanhoe Mines include: • Ongoing: Drill results from Kakula with 14 rigs active • Ongoing: Clarity on the implementation of the new DRC Mining Code • Early 2019: Kakula PFS for six-Mtpa operation • Early 2019: Kipushi definitive feasibility study
Lundin Mining TSX: LUN Outperform *New Addition*	C$5.64	Lundin provides exposure to copper, zinc, and nickel. We believe the shares can outperform peers as a defensive name in a volatile market. We expect growth from the company's Neves Corvo and Candelaria operations. Lundin will also benefit from the strong zinc prices we forecast in 2019 and beyond and from an improved nickel market over the next 24 months. Lundin is trading at a discount to peers following the recent pullback that we do not believe is warranted given its production growth profile, strong financial position ($1B in net cash) and management track-record. Lundin is trading at 0.5x P/NAV versus peers at 0.8x and at 4.0x 2019E EBITDA versus peers at 5.9x. The near-term potential catalysts for Lundin Mining include: • Ongoing: Acquisition of an operating or development asset • End of 2018: Permit amendment for additional tailings at Humboldt mill facility at Eagle • Early 2020: Ramp-up the expanded zinc plant at Neves Corvo

Continued on next page

Q1/19 Best Ideas (cont'd.)		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Base Metals (Underweight, unchanged from Q4/18) (continued)		
Trevali Mining TSX: TV Outperform	C$0.42	**Four operating zinc mines with room to grow:** Trevali provides near-term zinc leverage through four producing mines in Canada, Peru, Burkina Faso and Namibia, and also organic growth potential through exploration. **Strong free cash flow outlook:** Using forward curve metals prices, we estimate Trevali can generate an average of $50M in attributable FCF over the next 2 years, implying a free cash flow yield of ~20%. **The zinc play:** Trevali provides by far the most near-term zinc leverage within our coverage universe with 87% of 2019E revenue from zinc. We forecast elevated zinc prices for the next 3 years as the market remains tight. Every $0.10/lb change in the zinc price translates into $35M of annual EBITDA. **Attractive relative valuation:** Trevali trades at 0.44x our NAVPS vs. base metal peers at 0.55x, and 1.4x 2019E EBITDA vs. peers at 7.7x. We estimate Trevali is pricing in ~$0.90/lb flat zinc on a long-term basis which does not factor in potential for elevated prices in the near term or the optionality within their assets.

Continued on next page

Q1/19 Best Ideas (cont'd.)		
Company	**Closing Price Dec 31, 2018**	**Investment Rationale**
Diversified / Bulk Commodities (Underweight, unchanged from Q4/18)		
Anglo American LSE: AAL Outperform *New Addition*	£17.48	We favour Anglo American on both valuation and the equity story which we think has the most momentum in the European coverage with increasing potential for buybacks in 2019. The smaller, and now refocused and efficient asset base, has been bolstered with meaningful growth coming from Quellaveco, Collahuasi, Venetia and Australian Met Coal. With Anglo's well diversified exposure, we expect the impact of lower iron ore and copper prices in the near term to be offset by resilience in thermal coal prices and weaker emerging market currencies (ZAR, CLP). We think there is potential for risk perceptions around the South African elections to increase (the deadline for a vote to be held would be 4 August 2019) and we account for this with our 4.5x EV/EBITDA multiple, a discount of 0.5x-1.0x vs. peers
Glencore LSE: GLEN Outperform	£2.91	Despite our discounted multiples of 4.0x NAV and 0.85x EV/EBITDA, we continue to see material upside potential in Glencore shares following a deterioration in sentiment around the perceived ESG risks and long-term outlook for coal, risks relating to the assets in the DRC and concerns around a potential US Department of Justice investigation. We see these risks as overdone in the medium term and with the limited balance sheet risk and significant 2019E free cash flow yield, we think buybacks are likely to continue and provide support levels or a re-rating for the shares. Our positive view on thermal coal prices in the medium term and the benefits from an expanded Collahuasi help to offset some of the lost near-term earnings from reduced copper production guidance. We prefer Glencore's EV base metals, energy and marketing portfolio in what we see as challenging near-term conditions for iron ore exposed names within our coverage.

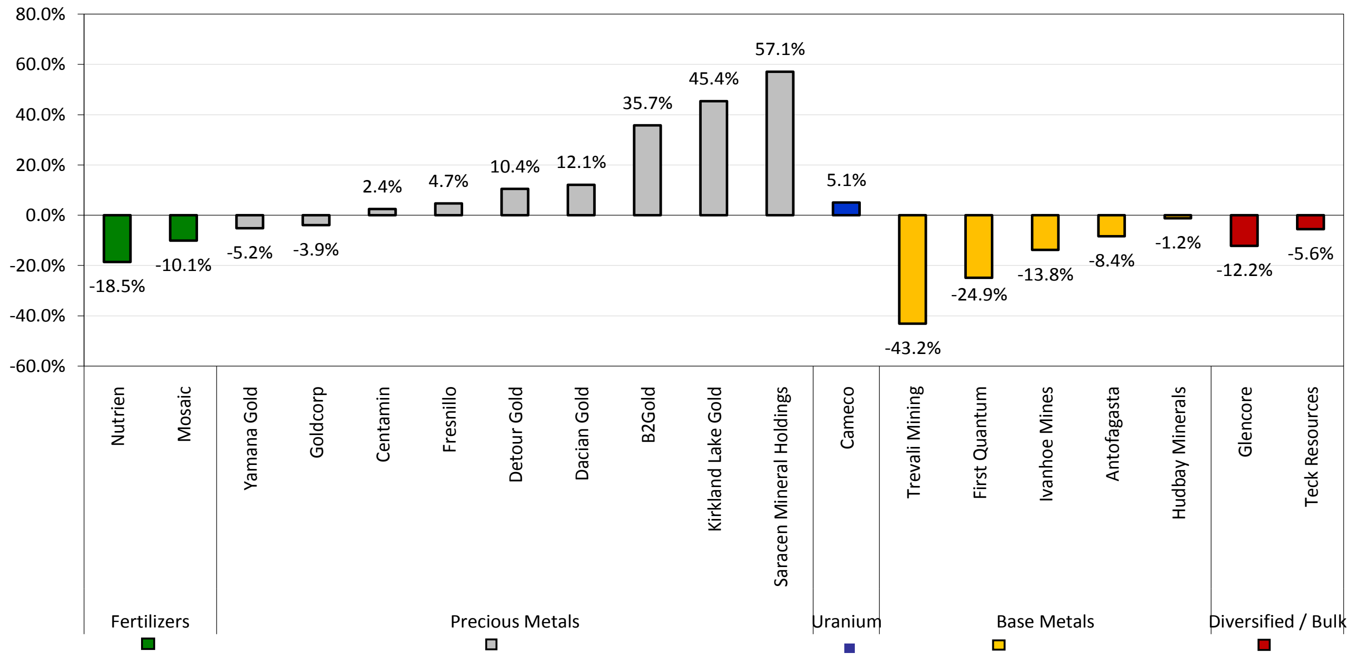
Continued on next page

Q1/19 Best Ideas (cont'd.)

Company	Closing Price Dec 31, 2018	Investment Rationale
Diversified / Bulk Commodities (Underweight, unchanged from Q4/18) (continued)		
Teck Resources TSX: TECK.B; NYSE: TECK Outperform	C$29.39	We believe Teck provides investors exposure to long-life, high-quality coking coal, copper, zinc, and bitumen production in a diversified Canadian mining company with a low geopolitical risk profile. Teck has a portfolio of five copper growth projects at pre-feasibility to feasibility stages in the Americas and is in a strong financial position. With the recent announcement of the sale of a 30% stake in QB2 for $800M and a $400M initial capital contribution to the joint venture, Teck has reduced its equity funding requirement in the near term and freed up capital to return to shareholders and advance its various copper projects. We forecast FCF of C$1.7B in 2018 (10% yield) and C$2.0B in 2019 (12% yield). As of October 24, 2018 Teck had total liquidity of C$5.7B, including C$1.8B in cash and US$3.0B in undrawn credit. Key near-term potential catalysts include: • Q1/19: Zafranal (80%) feasibility study complete and SEIA submission • April 3rd, 2019: Investor day • H1/19: Completion of 30% sale of QB2 to Sumitomo • H1/19: Securing US$2.5B in project financing for QB2 • Mid-2019: Capital allocation update • Q3/19: Feasibility study completed for NuevaUnion (50/50 JV) • H2/19: Pre-feasibility engineering and SEIA submission for San Nicolas (100%)

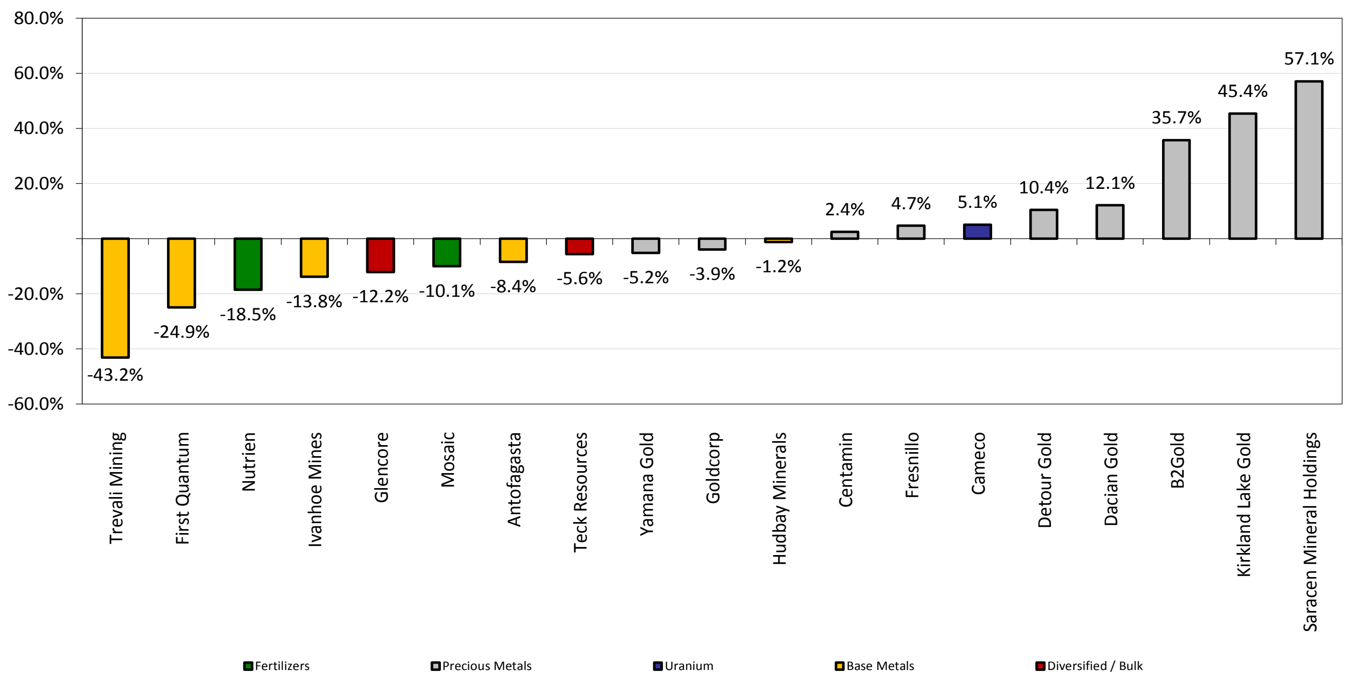
Appendix I

Best Ideas Q4/18 Performance Summary (Sorted by Sector and Performance, Local Currency)



Source: Bloomberg

Best Ideas Q4/18 Performance Summary (Sorted by Performance, Local Currency)



Source: Bloomberg

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