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October 1, 2021

Q4/21 Global Mining Best Ideas Portfolio

Moving Uranium to Market Weight and Diversified/Bulk Commodities to Underweight

For Q4/21, we maintain Fertilizers sector at Overweight, and Base Metals and Precious Metals at Market Weight. We increase Uranium to Market Weight, from Underweight last quarter, and we lower Diversified/Bulk Commodities to Underweight, from Market Weight last quarter.

Four additions to the Best Ideas Portfolio: Anglo American, Centamin, Glencore & Hochschild Mining. **Two deletions from the Best Ideas Portfolio:** BHP Group & Vale

We maintain **Fertilizers** at **Overweight**, as we think strong ag fundamentals and high crop prices are supportive of high fertilizer prices, and we expect this to carry into 2022. Additionally, we are also heading into the seasonally stronger fall application season as farmers in NA apply fertilizers post-harvest and SA planting activity increases.

We maintain **Base Metals** at **Market Weight**, as low inventories and a positive medium term outlook should be supportive of elevated copper prices, although we note that prices could soften from current levels on the back of slowing growth in China and rising supply. See our industrial metals outlook for more details.

We maintain **Precious Metals** at **Market Weight**, as rising rate expectations and cost inflation may represent a challenge over the course of the economic recovery, but gold equities look well positioned financially to handle a challenging environment, and valuations appear favourable at current prices. See our Precious Metals Outlook for more details.

We increase **Uranium** to **Market Weight**, as we think equity valuations may remain elevated on the back of rising spot prices and strong investor sentiment, although we continue to expect a more gradual fundamental recovery in the uranium market and caution that there could be some downside risk if/when capital flows into SPUT slow.

We lower **Diversified/Bulk Commodities** to **Underweight**, as the slowdown of growth in China and falling Chinese steel production could weigh on bulk commodity and diversified miners in the near term, although we note balance sheets appear solid and equity valuations remain reasonable. See our industrial metals outlook for more details.

Q3/21 portfolio was down 7% (USD) vs. the MSCI Benchmark down 14%[1]

Since its inception at the beginning of Q4/08, our portfolio is up 144% (USD), ahead of our MSCI World Metals and Mining Index benchmark at -9% (Exhibit 3). This translates to a 13-year CAGR of 7.1% (USD) for the Best Ideas Portfolio, versus the MSCI at -0.7%.

Fertilizers
Overweight, unchanged from Q3/21
Mosaic
Nutrien
Base Metals
Market Weight, unchanged from Q3/21
Capstone Mining
First Quantum
Hudbay Minerals
Ivanhoe Mines
Precious Metals
Market Weight, unchanged from Q3/21
Adriatic Metals PLC
Centamin[2]
Endeavour Mining
Hochschild Mining[2]
Kinross Gold
Kirkland Lake Gold
Northern Star Resources
Osisko Mining
Royal Gold
Silver Lake Resources
SSR Mining
Uranium
Market Weight, was Underweight in Q3/21
Cameco
Diversified / Bulk
Underweight, was Market Weight in Q3/21
Anglo American[2]
Champion Iron
Glencore[2]
South32
Teck Resources

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] Represent new additions to the Best Ideas portfolio in Q4/21.

RBC CM Global Mining Q4/21 Best Ideas Portfolio Change Summary

Global Mining Research

- **Four additions to the Best Ideas Portfolio:** Anglo American, Centamin, Glencore & Hochschild Mining. For investment rationale and potential catalysts, please see Exhibit 4.
- **Two deletions from the Best Ideas Portfolio:** BHP Group & Vale.

We maintain our Fertilizers sector weighting at Overweight

We maintain our **Fertilizers** sector weighting at **Overweight**. We think strong ag fundamentals and high crop prices are supportive of current high fertilizer prices, and we expect these to carry over into 2022. We expect phosphate markets to remain tight through 2022 as strong demand outpaces limited new capacity additions, while potash demand should keep up with supply and keep inventories in check and prices elevated. Additionally, high natural gas and coal prices, as well as supply outages should be supportive of high nitrogen prices through Q4/21. We are also heading into the seasonally stronger fall application season as farmers in North America apply fertilizers post-harvest and South America planting activity increases.

We maintain our Base Metals sector weighting at Market Weight

We maintain our **Base Metals** sector weighting at **Market Weight**. We could see some further easing of copper prices in the near term as demand slows in China and increasing supply; however, inventories remain low which supports prices and copper could be less impacted by a property market slowdown in China than steel and iron ore. The medium term outlook remains positive and it wouldn't take much to keep the market in a deficit. We believe $0.25-$0.50/lb could stay 'baked into' the price due to the anticipation of growing medium term deficits. See our recent industrial metals outlook for more details.

We maintain our Precious Metals sector weighting at Market Weight

We maintain our **Precious Metals** sector weighting at **Market Weight**, relative to the other mining sectors, as outlined within our prior published views in January (Easy come…but for how long will easy stay) and reviewed in February (The struggle is real). In our view, rising real rate expectations represent a challenge for the gold price over the course of the economic recovery. In addition, producer cost inflation represents risk, which may impact margins. Despite these headwinds, gold equities today appear well positioned financially. We believe gold equity valuations are favourable based upon current gold prices, but may be considered fairly priced at lower price assumptions.

We increase our Uranium Sector Weighting to Market Weight

We increase our **Uranium** sector weighting to **Market Weight** as increased financial interest in uranium, particularly from the Sprott Physical Uranium Trust has accelerated a rise in uranium prices, which coupled with strong investor sentiment, has resulted in elevated equity multiples across the space. However, we continue to expect a more gradual fundamental recovery in the uranium market as the market turns from a relative balance to a deficit in the back half of the decade, while inventory and contract coverage remain solid. We also caution that there could be some downside risk if/when capital flows into SPUT slow, resulting in less upward pressure on uranium prices.

We lower our Diversified/Bulk Commodities Sector Weighting to Underweight

We lower our **Diversified/Bulk Commodities** sector weighting to **Underweight**. The iron ore market has undergone a rapid readjustment as steel production curbs and slowing property growth in China translates into weaker iron ore demand. We take a more cautious stance on iron ore exposed equities, but highlight that balance sheets appear solid and equity valuations remain reasonable. In the met coal market, extremely tight supply has pushed the commodity to record highs (now ~$390/t FOB Australia), despite slowing Chinese steel production. However, these prices are likely unsustainable, and in fact may already be rolling over. Still, elevated prices should linger into 2022, when we expect new and returning supply to ease ongoing tightness. For now, current prices should support strong FCF generation, especially for those producers with access to the higher priced China market ($610/t CFR China). However, equities could come under pressure if prices unwind in a similar fashion to iron ore. See our met coal outlook & industrial metals outlook for more details.

A summary table of our Q4/21 Best Ideas portfolio, which includes the changes noted above, is shown in Exhibit 1.

Exhibit 1 - RBC CM Global Mining Best Ideas Portfolio – Q4/21

Q4 2021 Best Ideas	Exchange Symbol	Price 30-Sep-21
Fertilizers (Overweight, unchanged from Q3/21)		
Mosaic	NYSE: MOS	$35.72
Nutrien	NYSE: NTR; TSX: NTR	$64.83
Base Metals (Market Weight, unchanged from Q3/21)		
Capstone Mining	TSX: CS	C$4.93
First Quantum	TSX: FM	C$23.45
Hudbay Minerals	TSX: HBM; NYSE: HBM	C$7.90
Ivanhoe Mines	TSX: IVN	C$8.10
Precious Metals (Market Weight, unchanged from Q3/21)		
Adriatic Metals PLC	LSE: ADT1	£1.66
Centamin	LSE: CEY	£0.96
Endeavour Mining	TSX: EDV	C$28.51
Hochschild Mining	LSE: HOC	£1.33
Kinross Gold	NYSE: KGC; TSX: K	$5.36
Kirkland Lake Gold	TSX: KL; NYSE: KL; ASX: KLA	C$52.76
Northern Star Resources	ASX: NST	A$8.50
Osisko Mining	TSX: OSK	C$2.35
Royal Gold	NASDAQ: RGLD	$95.49
Silver Lake Resources	ASX: SLR	A$1.34
SSR Mining	NASDAQ: SSRM; TSX: SSRM	$14.55
Uranium (Market Weight, was Underweight in Q3/21)		
Cameco	TSX: CCO; NYSE: CCJ	C$27.52
Diversified / Bulk (Underweight, was Market Weight in Q3/21)		
Anglo American	LSE: AAL; JSE: AGL	£26.23
Champion Iron	TSX: CIA	C$4.37
Glencore	LSE: GLEN	£3.52
South32	ASX: S32	A$3.53
Teck Resources	TSX: TECK.B; NYSE: TECK	C$31.53

All prices are in USD unless otherwise noted. Additions to the Q4/21 portfolio are shaded.
Source: RBC Capital Markets, Bloomberg

RBC CM Global Mining Best Ideas Portfolio – Q3/21 Performance

Q3/21 Performance – Uranium sector leads the way in Q3, industrial metals fall on growth concerns in China

The Q3/21 RBCCM Global Mining Best Ideas equal-weighted portfolio was down 5% (USD) in the quarter, higher than the MSCI World Metals and Mining Index benchmark performance of down 14%. Our Uranium sector was up the most as uranium equities rallied with the introduction of the Sprott Physical Uranium Trust and strong investor sentiment. Our base metals and Diversified/Bulk Commodities sectors were down the most as growth concerns in China weighed on industrial metals 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 – Q3/21 Performance

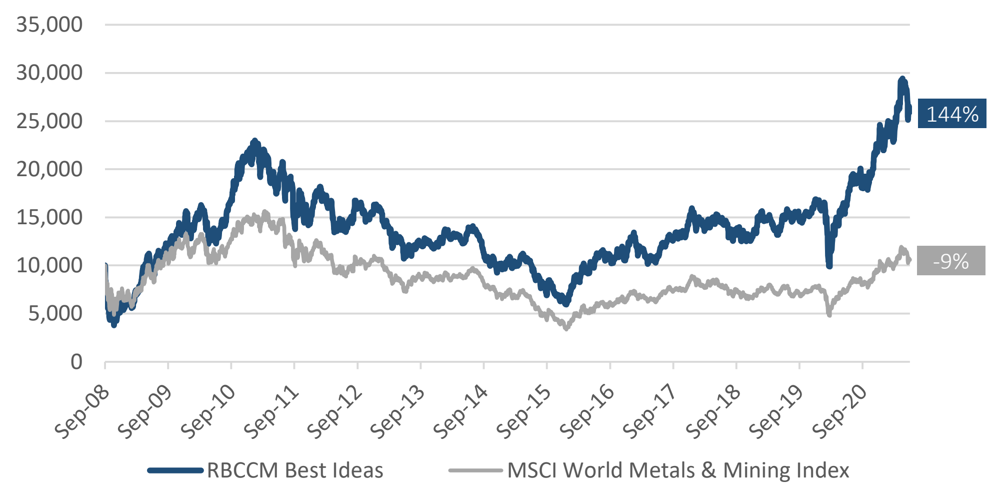
Q3 2021 Best Ideas		Closing Price 30-Jun-21	Closing Price 30-Sep-21	Local Price Return
Fertilizers (Overweight, unchanged from Q2/21)				
Mosaic		$31.91	$35.72	11.9%
Nutrien		$60.61	$64.83	7.0%
			Average Local Return:	***9.5%***
Base Metals (Market Weight, unchanged from Q2/21)				
Capstone Mining		C$5.38	C$4.93	(8.4%)
First Quantum		C$28.57	C$23.45	(17.9%)
Hudbay Minerals		C$8.25	C$7.90	(4.2%)
Ivanhoe Mines		C$8.95	C$8.10	(9.5%)
			Average Local Return:	***(10.0%)***
Diversified / Bulk (Market Weight, was Overweight in Q2/21)				
BHP Group*		£21.30	£18.88	(11.4%)
Champion Iron		C$6.09	C$4.37	(28.2%)
South32		A$2.93	A$3.53	20.5%
Teck Resources		C$28.55	C$31.53	10.4%
Vale*		$22.81	$13.95	(38.8%)
			Average Local Return:	***(9.5%)***
Precious Metals (Market Weight, unchanged from Q2/21)				
Adriatic Metals PLC		£1.34	£1.66	23.9%
Endeavour Mining		C$26.62	C$28.51	7.1%
Kinross Gold		$6.35	$5.36	(15.6%)
Kirkland Lake Gold		C$47.77	C$52.76	10.4%
Northern Star Resources		A$9.78	A$8.50	(13.1%)
Osisko Mining		C$3.09	C$2.35	(23.9%)
Royal Gold		$114.10	$95.49	(16.3%)
Silver Lake Resources		A$1.66	A$1.34	(19.3%)
SSR Mining		$15.59	$14.55	(6.7%)
			Average Local Return:	***(5.9%)***
Uranium (Underweight, unchanged from Q2/21)				
Cameco		C$23.76	C$27.52	15.8%
			Average Local Return:	***15.8%***
Benchmark Price Returns	**30-Sep-08**	**2020**	**YTD**	**QTD**
MSCI World Metals & Mining Index	*-0.7%*	*21%*	*-3%*	*-14%*
Best Ideas Portfolio		*32%*	*9%*	*-5%*
Best Ideas Portfolio (USD)	*7.1%*	*33%*	*8%*	*-7%*

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 144% (USD), ahead of our MSCI World Metals and Mining Index benchmark at -9% (Exhibit 3). This translates to a 13-year CAGR of 7.1% (USD) for the Best Ideas Portfolio, versus the MSCI at -0.7%.

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 September 30, 2021.
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 – Q4/21 Investment Rationale

Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Fertilizers (Overweight, unchanged from Q3/21)		
Mosaic NYSE: MOS Outperform	$35.72	We expect Mosaic to benefit from long-term cost saving initiatives, tight phosphate market conditions, improved potash prices, and strong ag market fundamentals in Brazil, which drives the Fertilizantes business. • The company expects to realize significant cost savings through 2023 through several initiatives including the ramp-up of Esterhazy K3 mine, introduction of new advanced mining technologies (remote mining, automation), transformation initiatives at the Brazil Fertilizantes business, and growing value-add premium products. • Mosaic is ramping up the previously idled Colonsay potash mine which should add more production and offset the early closure of the Esterhazy K1/K2 shaft. Ramp-up is expected through H2/21. • Mosaic acquired Vale's Brazil-based phosphate and potash assets in 2018 and realized run-rate synergies of >$300M by end-2019. The company is targeting an additional $200M EBITDA benefit from ongoing business transformation efforts by end-2022. • Mosaic is currently working on constructing the Esterhazy K3 potash project. The project should alleviate production risk around brine inflow issues at K1 and K2 and reduce costs. We expect the project to ramp through 2021 and brine inflow costs to be completely mitigated by end-2021.
Nutrien NYSE: NTR; TSX: NTR Outperform	$64.83	We believe Nutrien has built the most diverse, vertically integrated agricultural input business with an attractive earnings profile, growing free cash flows, and solid balance sheet. • We expect Nutrien to generate over $7B excess cash (after dividends) through 2024, which should be deployed through a combination of share buybacks, dividend increases, and accretive Retail M&A. We expect the company to continue regular share buybacks and dividend increases. • Nutrien is re-starting the previously idled Vanscoy potash mine and increasing operating capacity at the Allan, Cory, and Lanigan mines, which should add increased production capacity in H2/21 and 2022. • Nutrien expects to grow the Retail distribution segment through acquisitions in North America and Brazil. We believe the company will continue the roll-up strategy in North America, spending ~$300–500M annually on accretive acquisitions. In Brazil, we expect Nutrien to gradually build up a base through acquisitions that may be priced above typical valuations (due to less natural synergies), but eventually build a business model similar to the highly successful North American business. • The Wholesale segment is working on several cost savings and expansion projects that should result in lower potash production costs and higher nitrogen volumes.

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Base Metals (Market Weight, unchanged from Q3/21)		
Capstone Mining TSX: CS Outperform	C$4.93	We expect Capstone shares to continue to re-rate as the company executes on its growth strategy. We forecast copper production to grow by 50% from 2020 to 2023 driven by debottlenecking at Cozamin from the one-way ramp project and optimization projects at Pinto Valley. Additionally, Capstone offers investors significant leverage to copper prices and an attractive cost profile at current prices. Based on our 2022 copper production estimate of 217Mlbs, we estimate that every $0.25/lb change in copper will result in a ~$52M change in EBITDA (~13%). This provides the opportunity for Capstone to generate significant free cash flow at current copper prices – we estimate an 18% FCFY in 2022 at RBC forecast and current spot prices. Capstone's Santo Domingo asset offers further copper growth potential and the opportunity to unlock upside from the asset's cobalt project. Capstone has noted it is open to bringing on a partner to help fund part of the initial capex and would be willing to bring on a financial partner or a larger miner who would operate the project, which could be a significant near term catalyst as it would further de-risk the project, in our view. Key near-term potential catalysts include: • H2/21: Santo Domingo financing plan update • H2/21: Completion of PV3 phase 2 • H2/21: PV3 optimization study update • Ongoing: Drill results at Cozamin
First Quantum Minerals TSX: FM Outperform	C$23.45	We believe that First Quantum offers investors the potential for attractive returns based on its strong leverage to copper and management's project development and mining expertise. We forecast 8% copper production growth in 2021 as Cobre Panama ramps up, which sets the company up for significant free cash flow generation - we estimate 16% FCFY in 2021 and 23% FCFY in 2022 at current spot prices. Free cash flow can be used to reduce debt, increase the dividend, and invest in existing mines & greenfield opportunities like Taca Taca. The focus in our view is on delivering consistent performance at Cobre Panama and we expect shares to benefit from growth in free cash flow and the potential to re-rate. Key near-term potential catalysts include: • 2021: Cobre Panama ramp up • Ongoing: Update on the constitutionality of Law 9 in Panama • Ongoing: Stability agreement in Zambia and potential investment decision for Enterprise and/or S3

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Base Metals (Market Weight, unchanged from Q3/21)		
Hudbay Minerals TSX: HBM; NYSE: HBM Outperform	C$7.90	HudBay provides investors with significant exposure to copper (57% of gross revenue in 2021) and gold (21% of gross revenue in 2021), as well as geographic diversification with producing assets in Manitoba and Peru. Hudbay's updated mine plans for Peru and Manitoba confirms strong growth potential through 2023. We expect copper production in Peru to grow to 117kt in 2023, from 73kt in 2020, and gold production in Manitoba to grow to 197koz in 2023, from 112koz in 2020. Following investments in Manitoba and Peru, we expect a FCF inflection in the second half of 2021, which should carry over into 2022, when the company has lower capital spending requirements. Longer term, Hudbay could realize copper production growth from the company’s Rosemont and Copper World projects in Arizona beginning in the mid-2020s. Key near-term potential catalysts include: • H2/21: Positive FCF generation • H2/21: Rosemont appeal decision • Late-2021/Early-2022: Copper World resource estimate and PEA • Ongoing: Drill results from Manitoba, Peru, and Arizona
Ivanhoe Mines TSX: IVN Outperform, Speculative Risk	$8.10	We believe Ivanhoe Mines has the potential to realize significant value as production at Kamoa-Kakula ramps up and the company advances its planned expansions turning the project into a top ten global copper mine. Phase 1 of Kamoa-Kakula is currently ramping up to 3.8Mtpa, while the phase 2 expansion to 7.6Mtpa is on track for a Q3/22 startup. Additionally, Ivanhoe and its partner are exploring a potential acceleration of the phase 3 expansion, which would bring capacity to 11.4Mtpa. Additionally, through its recent project financing and convertible debenture offering, Ivanhoe appears well financed to advance development of its Kipushi and Platreef assets. The Platreef Definitive Feasibility Study was released in November 2020 and showed the Platreef’s potential as a low-cost PGM producer, with first concentrate production in H2/25 at an initial capital cost of US$1.4B and maximum production rate of 4.4Mtpa. Currently, Ivanhoe is trading at 0.8x our NAVPS estimate on RBC forecast pricing ($3.50/lb LT copper price) and 0.64x our NAVPS estimate on spot pricing. The near-term potential catalysts for Ivanhoe Mines include: • Ongoing: Production ramp-up at Kamoa-Kakula • Ongoing: Drill results • Ongoing: Deployment of capital from recent financings

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Precious Metals (Market Weight, unchanged from Q3/21)		
Adriatic Metals PLC LSE: ADT1 Outperform	£1.66	Adriatic Metals is an emerging mining company focused on the development of the high-grade silver/polymetallic Vares project in Bosnia-Herzegovina. The group also has prospective exploration assets at the Raska project in Serbia. The company is set to begin building Vares, one of the most economically attractive new silver/polymetallic projects globally. The recently published DFS has simplified the Vares project by removing processing complexities. Vares provides what we view as outstanding economics with sensitivities suggesting even a 20% lower estimate for any of the main variables would still provide an IRR at or above ~100%. Considering a general industry capital return hurdle of 10-15%, the magnitude of the positive economics for this project should not be understated. This robust economic framework, the now lower complexity, combined with a rapid payback see Adriatic as a high conviction opportunity within our coverage universe. We calculate that Adriatic is trading at 0.57x NAV (0.42x at spot) with near-term rerating potential following a positive DFS and the upcoming expected offtake, financing and start of construction. Further, there is strong regional potential from the Rupice deposit at depth and also a 41 sq. km regional land package, which could bolster future economics. There are certainly risks, as with any greenfield mine development, but we see this as far too onerous, especially given the potential for the economics to grow. In light of multiple anticipated catalysts, we have an Outperform recommendation and a 265p price target.
Centamin LSE: CEY Outperform *New Addition*	£0.96	Centamin's strong operational performance this year combined with improved understanding of the orebody has this turnaround project firmly on track. Growth is starting to emerge and the strong dividend yield (5% in 2022e) should help the shares start to regain lost ground. We believe the company is transitioning from a yield to a growth+yield story in an industry with limited expected supply growth. The positive results from the West African portfolio could lead to additional growth while providing the long-awaited geographical diversification. With a strong balance sheet and operations now tracking to the rebased plan, and in conjunction with our positive outlook on unpriced optionality in the gold space, at 0.76x spot P/NAV and 3.0x 2022E EV/EBITDA, we believe there is plenty of room for Centamin's valuation to move higher as it delivers on the Sukari restoration and, increasingly, expansion. The Egyptian bid round results could provide another leg to Sukari and we see this as a positive catalyst on the horizon. We have an Outperform recommendation and 150p price target.

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Precious Metals (Market Weight, unchanged from Q3/21)		
Endeavour Mining TSX: EDV Outperform	C$28.51	**A leadership position in West Africa:** Endeavour completed two transformational acquisitions of SEMAFO and Teranga in 2020, creating, in our view, the go-to name in the West African space and top 15 producer globally. The asset base is backed by the flagship Sabodala-Massawa mine along with Ity and Hounde, providing a solid foundation for the asset portfolio. We estimate consolidated production of ~1.5 Moz at AISC below $900/oz through 2026. **Robust FCF generation with focus on capital returns:** EDV continues to generate strong FCF and has initiated a robust capital returns program including $500M minimum to be returned through 2023 via dividend, along with aggressive execution on the share buyback to date. The company has also started to pay down the outstanding debt balance with $120M repaid in Q2. Given the robust FCF profile and focus on capital returns, we believe EDV is well positioned for a valuation re-rating. **Deep development pipeline positions the company well longer term:** EDV has a deep growth pipeline and the largest resource base amongst West African producers. We believe this provides upside optionality and positions the company well longer-term.
Hochschild Mining LSE: HOC Outperform *New Addition*	£1.33	The political instability surrounding the Peruvian run-off election and the subsequent victory of left-wing candidate Pedro Castillo have weighed on HOC. Following the appointment of the new cabinet it seems that attitudes towards the mining sector have moderated. We believe coming tax increases are unlikely to justify the group's recent underperformance, especially as the market gains a better understanding over time of the scalable, heavy rare earth Aclara/ Penco project. Additionally, the brownfield exploration campaign at its main assets is driving resources additions (29Moz of silver equivalent resources at Inmaculada and 7Moz at San Jose). We expect more exploration news during the second half of the year, including a potential new mine plan for Pallancata. Likewise, HOC is due to make a decision on the option to acquire a 60% stake in Skeena' s (SKE CN) Snip project in October; something that could provide a potential growth option outside of Peru. We have an Outperform recommendation and 260p price target.

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Precious Metals (Market Weight, unchanged from Q3/21)		
Kinross Gold NYSE: KGC; TSX: K Outperform	$5.36	Kinross is a senior gold producer with a portfolio of operating mines and projects in the US (Nevada and Alaska), Mauritania, Brazil, Russia, Ghana, and Chile. Revised 2021 guidance outlines production of approximately 2.1moz at AISC of $1,025/oz. • Our OP rating is predicated on our view that KGC's outlook offers both attractive interim production growth upside as well as a discounted relative valuation relative to senior peers. We think go-forward risks for the company have also declined, following financial deleveraging and a revised fiscal agreement with the Government of Mauritania. • Revised 2021 guidance incorporates Tasiast production suspension following a fire at the Tasiast SAG mill and pit wall challenges at Round Mountain. Tasiast Phase II expansion timelines have been modestly adjusted (21ktpd now expected in 1Q22 vs. prev. YE21), but the project remains largely on schedule. 2022/2023 guidance was unchanged, and we continue to view KGC's longer-term outlook favourably. • Kinross reported an increase to its 2021 full year cost guidance of 5%, 1/3rd of which is attributable to downtime at Tasiast, 1/3rd to higher gold prices, and 1/3rd to inflationary pressures related to rising steel, cyanide and labour costs. The company also noted that some of these cost pressures could carry through beyond 2021.
Kirkland Lake Gold NYSE: KL; YSX: KL; ASX: KLA Outperform	C$52.76	Our KL recommendation and published estimates reflect the company on a standalone basis. For more information on the September 28 proposed AEM-KL merger, please refer to our initial views. Kirkland Lake Gold is a large cap gold producer with operating mines in Australia and Ontario, Canada. In January 2020, the company completed the acquisition of Detour Gold Corp. and its flagship Detour Lake mine in Ontario. 2021 corporate guidance outlines production of 1.3-1.4moz at AISC of $780-810/oz, with production guided to be relatively flat through 2022 and increasing to 1.4-1.5moz in 2023. Kirkland has outlined a strategy of delivering production growth from low-risk mining jurisdictions, with an ongoing focus on organic reserve growth through exploration. • Our OP rating is predicated upon KL's favourable combination of growth, margins, and exploration expected at a competitive relative valuation to the peer Sr. producer group avg. We expect upcoming portfolio transformation to be driven by completion of the Macassa shaft project and additional resource upside at Detour Lake. • Exploration is a key value driver for KL. Historically, Fosterville and Maccassa have generated meaningful upside, although forecast grade declines at Fosterville represent an interim challenge for KL. • KL issued an updated life of mine plan for Detour Lake reaffirming recent 3-year guidance of 680-720koz from 2021-23 and growth to >800koz by 2025. Recent resource additions of 10moz reinforce the potential for open pit scale and improved mining flexibility although additional pre-stripping is required. An updated mine plan is scheduled for early 2022, and the company outlined $750m-$1b of value enhancements.

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Precious Metals (Market Weight, unchanged from Q3/21)		
Northern Star Resources ASX: NST Outperform	A$8.5	We value NST at A$13/sh, which implies +50% TSR upside. • Northern Star is a Perth-based gold producer and a top 10 tier 1 large-cap gold producer following the recent merger-of equals with SAR. We expect the company to gather momentum on evidential improvements across the asset base as NST transitions toward 2moz (RBCe: FY23/24 ~30% growth). • The company's earnings growth outlook exceeds that of large-cap peers and along with increased scale/liquidity justifies a higher premium, in our view. • Currently, we see NST improving fundamentals with production increasing 30% from FY24– 26 with a commensurate increase in earnings and cash flow. • This added cash flow should further advance organic opportunities across the portfolio, which has historically yielded impressive results. • We exclude any significant consolidation synergies, and while we remain more conservative on these proposed synergies, we think they are no less real and should become more apparent over the near/medium term.
Osisko Mining TSX: OSK Outperform, Speculative Risk	C$2.35	**Our Outperform (Speculative Risk) rating and premium target multiple** are predicated on our view of Windfall as a high quality project based on the high-grade underground resource, the scale of the deposit, and the location in a tier 1 jurisdiction (Quebec). While reinvestment in exploration across the sector has resulted in a new wave of development projects being advanced, we see Windfall as a standout in the group, ticking many of the boxes that we consider critical for building, buying, or investing in a large-scale project. See our recent site visit note for more details on progress to date. **Windfall heading into development.** The Windfall infill exploration program is wrapping up in 3Q21 (while continuing to test regional targets, including Golden Bear), and investor focus should start to shift to development. By YE21 we expect a resource update which we expect to show grade improvement with additional drilling from higher grade areas (which should form the basis of a still higher-grade mineable reserve), followed by the third bulk sample in early 2022, this one from the higher-grade Triple Lynx zone. **Advancing toward Feasibility Study in 1H22**—is an acquisition window opening? We expect the Feasibility Study to outline a C$600m project with a ~14-year mine life producing 4moz of gold (roughly 300kozpa) at grade of 8.5g/t (higher than the current global resource), with initial production in 2024. While our base case assumption is that the mine will be built by the experienced Osisko team, the volume of drilling/data, the capital invested to date (+$700m on exploration and surface/underground development), the top-tier jurisdiction, and the scale of the deposit/property could lead to growing acquisition interest ahead of construction.

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Precious Metals (Market Weight, unchanged from Q3/21)		
Royal Gold NASDAQ: RGLD Outperform	$95.49	Royal Gold is a senior royalty & streaming company with a diversified portfolio including over 41 producing and 15 development-stage precious and base metals assets, and royalties on approximately 130 early-stage exploration properties. RGLD does not provide annual guidance. • Our Outperform rating is predicated on the company's supportive production and financial outlook, meaningful growth opportunities, and relative valuation merits vs. the company's senior royalty peers. • Following key underlying asset updates provided by RGLD's stream and royalty operators, we forecast RGLD to be capable of generating incremental growth in the short-term and stable production until ~2025-26. The company is now debt-free as of April, and maintains estimated liquidity of $1.0b. • A key upcoming deliverable for RGLD is the achievement of steady state production at Khoemacau by 2022 and the completion of an expansion PFS by YE21. Initial concentrate production and first shipment was achieved in July. • 2021 has been an acquisitive year for RGLD, although we note that returns for the company’s three recent transactions have been subpar.
Silver Lake Resources ASX: SLR Outperform	A$1.34	Silver Lake Resources (SLR) is an Australian-listed gold producer with assets in Western Australia. The company merged with Doray Minerals Limited (DRM) in 2019 and operates two producing districts in Mt Monger and Deflector with combined annual production of ~250-270koz providing a high-margin growth investment in an established and stable jurisdiction. • We maintain our conviction that SLR will utilize its strong balance sheet to drive organic upside (e.g., Deflector SW) whilst also offering leveraged exposure to gold price. • SLR presents strong near-term metrics, with FCF & earnings (FY22E yield 10%) to increase FY22-23E as Deflector benefits from higher recovery and grade. • SLR's medium production path has been de-risked in our view and they continue to demonstrate strong Reserve conversion • We believe SLR’s reinvestment in the business should continue to create additional value through exploration success, which should in turn generate positive momentum in production and further cost benefits.

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Precious Metals (Market Weight, unchanged from Q3/21)		
SSR Mining NASDAQ: SSRM; TSX: SSRM Outperform	$14.55	**SSR continues to present one of the best risk/reward profiles among intermediate gold producers**, in our view, and we see considerable upside potential in the stock from the realistic near-sector-high FCF yield from existing operations as management continues to execute and demonstrate consistent cash generation (as well as growing cash return). **Cash return backstops the valuation.** We see the new dividend and buyback program (up to ~5% total return in 2021) as a good use of growing cash (net +$500m, ~15% of market cap), even as SSRM re-invests in exploration and expansion. With growing FCF (+10% at spot prices) and low cost, low-risk expansion in Turkey, plus exploration upside potential across the portfolio (with updated studies expected in 2022), we see room for significant dividend growth even as cash builds. **M&A on the table; could put SSR in a new league.** We think SSRM is increasingly well positioned to add assets (focused primarily on cash flow in North America/Turkey) and drive further production growth, almost one year removed from the 2020 merger. Growing scale (beyond 1mozpa AuEq) and liquidity on a quality acquisition could also be a catalyst in itself and further separate SSRM from its intermediate producer peer group.

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Uranium (Market Weight, was Underweight in Q3/21)		
Cameco TSX: CCO, NYSE: CCJ Sector Perform	C$27.52	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. We believe the combination of a rising spot price and a strong undercurrent of positive sentiment for the uranium sector may support elevated valuation multiples for Cameco for the foreseeable future. However, we note potential downside risk if investor sentiment dwindles or purchasing from the Sprott Physical Uranium Trust fades. 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 restarted in 2023, but note that it could take 12-18 months to restart and ramp up to full production. Cameco currently has ~$300M in restricted cash set aside (along with lines of credit) for the CRA dispute to satisfy rules that require companies to remit or secure 50% of a tax reassessment. The Supreme Court ultimately ruled in Cameco's favour in the company's dispute with the CRA for the tax years 2003, 2005 and 2006, but the bulk of this cash is for later tax years. However, given the positive rulings thus far, we think it is reasonably likely that the company would eventually be able to recover the restricted cash.

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Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Diversified / Bulk (Underweight, was Market Weight in Q3/21)		
Anglo American LSE: AAL; JSE: AGL Outperform *New Addition*	£26.23	With the shares having pulled back and PGM prices stabilizing, Anglo's diversified and growth-heavy portfolio of assets returned to our Outperform list. Valuation appears attractive and higher metallurgical coal prices help to offset some of the iron ore price weakness. With the balance sheet in good shape, Anglo's portfolio places it in a strong position for the post-iron ore spike world. The company is set to ramp up the Quellaveco growth project in Peru in 2022. This means that the FCFY in 2022 should look more modest than peers — now at 4.7% vs. peers at 9.0%. But this likely expands to 12.7% in 2023 and remains, alongside GLEN, at the top of the sector going forwards. Anglo maintains substantial growth potential in PGMs, copper and with its Woodsmith polyhalite mine in the UK. Over the medium-term, and especially once the mega-project capex of Quellaveco falls away, we believe this growth provides a good differentiator into a more muted commodity price environment. In our view, its cost positioning is near-best in class, it is one of the leaders in ESG in the sector, technology has become an innate part of the business, and the balance sheet is effectively degeared. We have an Outperform recommendation and 3,450p price target.
Champion Iron TSX: CIA; ASX: CIA Outperform	C$4.37	Champion offers investor exposure to growing free cash flow and high quality iron ore production in a stable jurisdiction. As the company develops and derisks the Phase 2 expansion, which we expect to double production at the company's flagship Bloom Lake mine, we expect Champion shares to re-rate higher. We also expect Champion to benefit from the current elevated iron ore prices and estimate the company can generate C$255M in FCF at spot prices over the next 12-months, while funding the Phase 2 development (11% FCF yield). If iron ore prices remain elevated, we could see Champion start to return capital to shareholders within the next 12-months. At spot prices, the shares are trading at 2.2x calendar 2022E EV/EBITDA compared to the iron ore producers at 4.3x and the global diversifieds at 3.2x. Key near-term potential catalysts include: • H2/21: Re-domiciling to Canada from Australia • Ongoing: Development progress on the Phase 2 expansion • 2022: Updated study on Kami Project • 2022: Potential for return of capital

Continued on next page

Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Diversified / Bulk (Underweight, was Market Weight in Q3/21)		
Glencore LSE: GLEN Outperform *New Addition*	£3.52	Glencore continues to show compelling value and its lack of iron ore exposure places it in a differentiated position, in our view. At spot prices, we see GLEN generating $30.0bn in EBITDA and a 30% free cash yield. The company has the highest long-run FCFY in our coverage universe. We agree that GLEN's depletion-inline-with-Paris strategy makes the best of a bad situation, but the higher coal prices should: a) backstop earnings when peers could see consensus downgrades from iron ore; and b) potentially increase investor interest/pressure on a restructuring, something which we believe could add substantial value, and could help further drive shares in the near term. Although a slowing China would be a challenge for all miners, GLEN, we think is by far the most resilient at this stage. Further, the company's marketing business has been a stable profit driver and we expect secularly tighter markets in metals, coal and ag should leave margins structurally higher. As China potentially slows and puts pressure on commodities, GLEN's marketing business should stay more resilient than those at peers. We have analysed Viterra's financials and expect that at a mid-cycle EBITDA margin of 4%, this business could do c. $1.475bn of EBITDA per annum. Peers like Bunge and ADM trade on 9-13x consensus EBITDA. A part sell-down and listing could create a $6-9bn read through valuation for GLEN's 50% stake as Ag marketing earnings trade at (rightly) higher multiples than those for industrial miners. Glencore remains our highest conviction pick amongst the diversified miners. We have an Outperform recommendation and 450p price target.
South32 ASX: S32; LSE: S32 Outperform	A$3.53	We value S32 at A$4.0/sh, which implies 23% TSR upside (7% dividend yield inclusive). We believe S32 presents value trading at 0.9x NAV, FCF yield of 15%, and EV/EBITDA of 4.2x. We rate S32 Outperform. We expect near-term valuation multiples to be supported by strong FCF, increasing margins, and capital returns. FCF troughed in FY20 and looks set to increase sequentially in FY21 and FY22. We forecast 15% FCF yield and 7% dividend yield in FY22. We see strong M2M commodity price upgrades and leverage to the global recovery trade; met coal, nickel, manganese, and aluminum. Excluding commodity prices, S32's route to sustained value creation is through a combination of incremental production growth, improving margins and asset productivity, and returning freed-up cash to shareholders via dividends or buybacks. • We project S32 growing copper equivalent production by ~2% CAGR over the next few years (FY22–23) and 1% long-term (FY26–27). • The company recently divested its South African Energy coal assets. In our view, this makes for a simpler, higher margin, ESG-friendly, and less capital-intensive business. • With the portfolio reset, going forward we expect free cash flow to be paid out in capital returns. We incorporate ~US$400–600m p.a buyback over the next 2–3 years (until Hermosa capex steps up). This provides a capital management yield of 10-12% (dividend and buyback).

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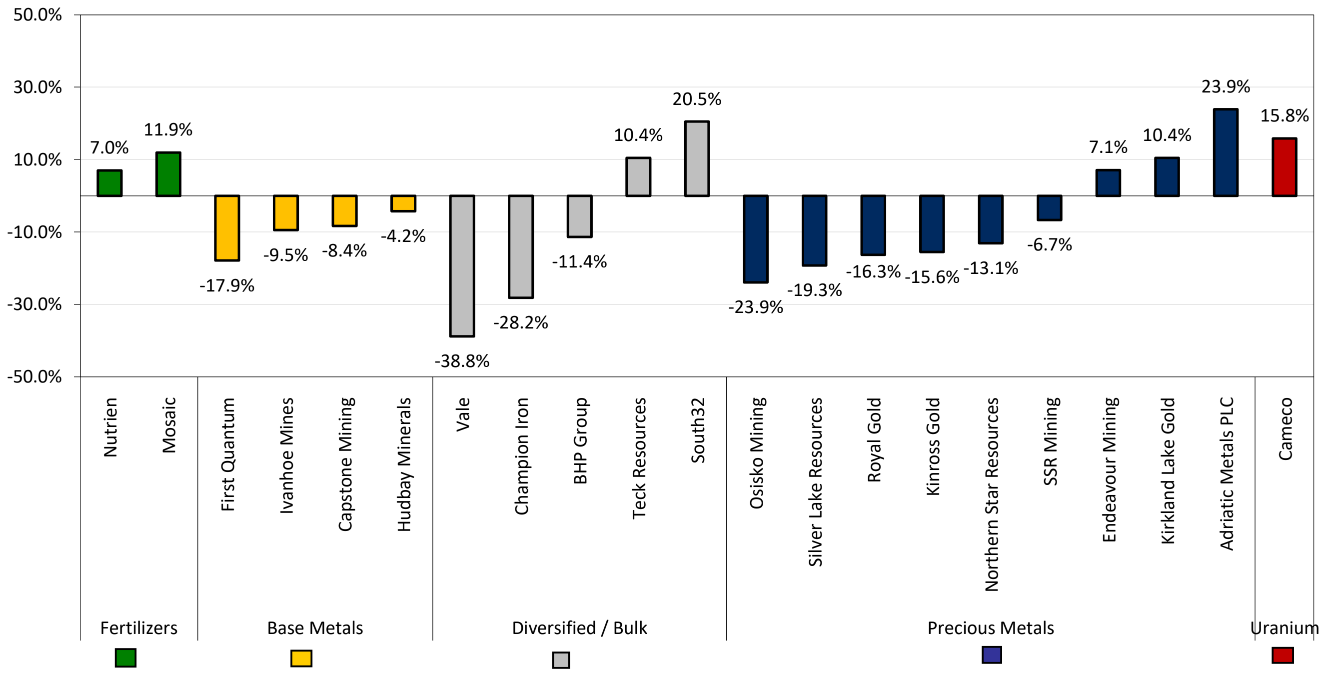
Q4/21 Best Ideas		
Company	**Closing Price Sept. 30, 2021**	**Investment Rationale**
Diversified / Bulk (Underweight, was Market Weight in Q3/21)		
Teck Resources TSX: TECK.B; NYSE: TECK Outperform	C$31.53	We believe Teck provides investors exposure to long-life, high-quality coking coal, copper, zinc, and bitumen production in a diversified Canadian mining company with a low geopolitical risk profile. Teck's QB2 project provides copper production growth, which will increase the company's copper exposure – we forecast copper to represent 37% and met coal to represent 41% of 2022 EBITDA at spot base metals prices & flat \$200/t met coal, vs. copper at 49% and met coal at 34% of 2024 EBITDA. Teck is in a solid financial position with C\$312M in cash and C\$7.0B of net debt at Q2/21-end, and total liquidity of C\$6.1B as of July 26th. Currently, Teck shares do not appear to be pricing in elevated spot coal prices (~\$400/t), and although we expected prices to moderate the company is generating strong operating cash flow and should be in position to reduce debt, return capital to shareholders and/or invest in further growth as a result of the windfall earnings. At spot commodity prices, we estimate a net debt to 2022 EBITDA ratio of 0.5x. With QB2 capex in 2021, we forecast solid FCF generation of 8%, and we expect FCF to grow to 16% in 2022 at our forecast commodity prices (met coal \$150/t, copper \$3.75/lb). Key near-term potential catalysts include: • H2/22: QB2 production • Ongoing: Benefits from RACE21 program expansion and Cost Reduction Program • Ongoing: Potential sale or spinout of carbon intensive assets

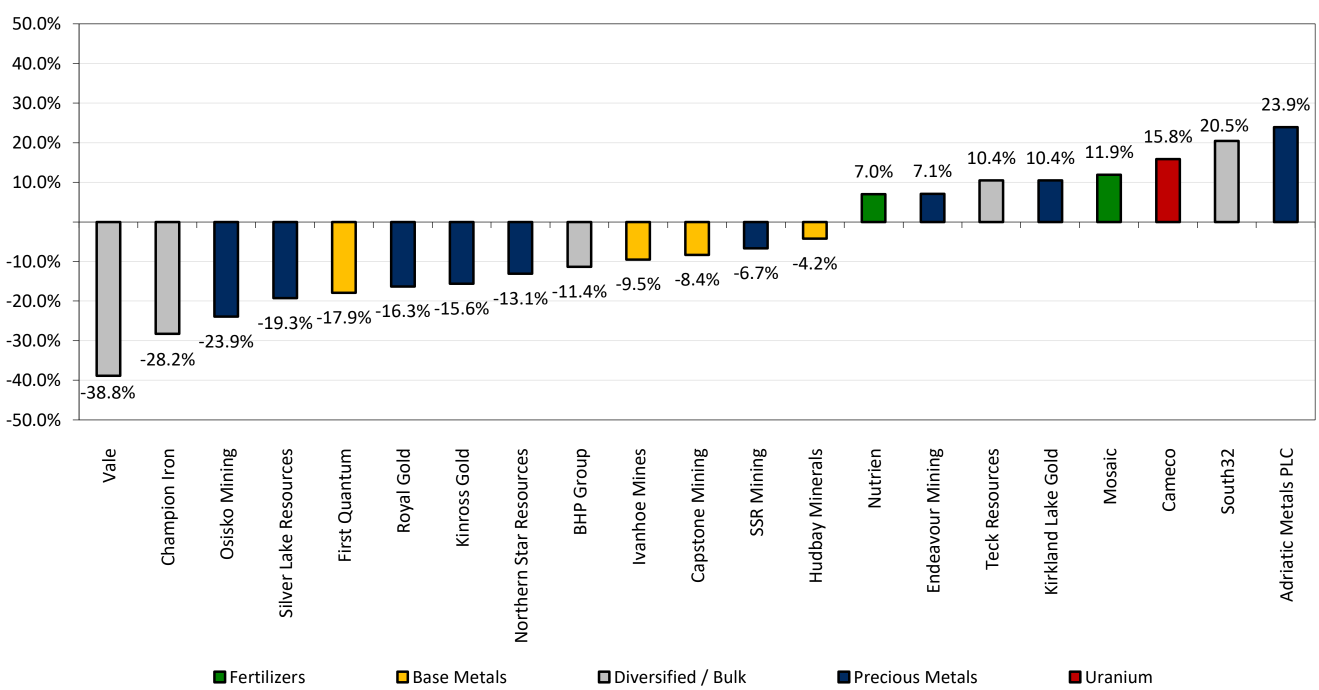
Appendix I

Best Ideas Q3/21 Performance Summary (Sorted by Sector and Performance, Local Currency)



Source: Bloomberg

Best Ideas Q3/21 Performance Summary (Sorted by Performance, Local Currency)



Source: Bloomberg

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Companies mentioned

Adriatic Metals PLC (LSE: ADT1 LN; GBp166.00; Outperform)
Anglo American plc (LSE: AAL LN; GBp2,622.50; Outperform)
BHP Group PLC (LSE: BHP LN; GBp1,888.20; Sector Perform)
Cameco Corporation (TSX: CCO CN; C$27.52; Sector Perform)
Capstone Mining Corp. (TSX: CS CN; C$4.93; Outperform)
Centamin PLC (LSE: CEY LN; GBp95.62; Outperform)
Champion Iron Limited (TSX: CIA CN; C$4.37; Outperform)
Endeavour Mining PLC (TSX: EDV CN; C$28.51; Outperform)
First Quantum Minerals Ltd. (TSX: FM CN; C$23.45; Outperform)
Glencore PLC (LSE: GLEN LN; GBp351.85; Outperform)
Hochschild Mining plc (LSE: HOC LN; GBp133.00; Outperform)
HudBay Minerals Inc. (TSX: HBM CN; C$7.90; Outperform)
Ivanhoe Mines Ltd. (TSX: IVN CN; C$8.10; Outperform; Speculative Risk)
Kinross Gold Corporation (NYSE: KGC US; $5.36; Outperform)
Kirkland Lake Gold Ltd. (NYSE: KL US; $41.59; Outperform)
Northern Star Resources Ltd (ASX: NST AU; AUD8.46; Outperform)
Nutrien Ltd. (NYSE: NTR US; $64.83; Outperform)
Osisko Mining Inc. (TSX: OSK CN; C$2.35; Outperform; Speculative Risk)
Royal Gold, Inc. (NASDAQ: RGLD US; $95.49; Outperform)
SSR Mining Inc. (NASDAQ: SSRM US; $14.55; Outperform)
Silver Lake Resources Limited (ASX: SLR AU; AUD1.34; Outperform)
South32 Limited (ASX: S32 AU; AUD3.52; Outperform)
Teck Resources Limited (TSX: TECK/B CN; C$31.53; Outperform)
The Mosaic Company (NYSE: MOS US; $35.72; Outperform)
Vale S.A. (NYSE: VALE US; $13.95; Outperform)

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HOLD [Sector Perform]	**562**	**39.75**	**172**	**30.60**
SELL [Underperform]	**52**	**3.68**	**3**	**5.77**

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