

INDUSTRY RATING

Diversified Metals & Mining:
Overweight

(NBF Economics & Strategy Group)

Base Metals Price Update

Updating Commodity Price Assumptions - Equities Remain Discounted

Revised Metal Price Assumptions

We updated near-term metal price assumptions in line with spot for the remainder of 2021 and 2022, trending to our long-term fundamental price assumptions (unchanged) by 2025. The most notable increase was 2021/2022 copper prices to US\$4.00/lb (from US\$3.55/lb previously). Overall, base metal commodity prices continue to reflect high speculative interest based on a positive longer-term outlook given increased copper-intensive green energy technologies, a continued reopening of the economy and as a general hedge against inflation - a view largely in line with our long-term fundamental thesis. Given there remains some uncertainty as to the extent countries can contain new waves of infection in the near term until successful vaccines are rolled out, fiscal and monetary support measures will be imperative to maintaining economic recovery and prices will remain volatile in the near term.

Equity Valuations Remain Discounted

Equity valuations remain in line with historical ranges despite the strong copper price outlook and current low interest rate environment. Our base metal coverage is currently implying a copper price of US\$3.03/lb (producers: US\$3.28/lb, developers: US\$2.55/lb) compared to US\$2.81/lb at the start of the year, while copper prices have rallied from US\$3.60/lb to US\$4.10/lb over the same period.

Top picks: CS, FM, CMMC and ADZN

Capstone Mining (CS; \$5.65 TP, Outperform) continues to advance several transformational catalysts throughout 2021 at Pinto Valley and Cozamin. We incorporated the recent consolidation, stream sale and port agreement at Santo Domingo and await a partnership/financing agreement by mid-year to provide further certainty in the upcoming development of this transformational project.

First Quantum Minerals (FM; \$32.00 TP, Outperform) remains a 'go-to' copper producer given its high-quality asset base, low AISC and one of the most robust project pipelines (including Cobre-Panama, Kansanshi S3 expansion and Taca Taca). Long-term fiscal certainty in Zambia as well as a potential IMF bailout package for the country would improve investor sentiment.

Copper Mountain Mining (CMMC; \$4.50 TP, Outperform). We are adding CMMC to our top picks given a strong near-term production outlook at the Copper Mountain Mine (entering a high-grade sequence for 2021-2022 and completion of mill expansion to 45,000 tpd in Q3). CMMC continues to trade at a steep discount despite the recent US\$260 mln Note issuance freeing up cash flow to direct towards future growth opportunities at Eva (development decision anticipated by year-end).

Adventus Mining (ADZN; \$1.65 TP, Outperform) remains our top developer pick, as our valuation is based solely on the currently defined El Domo deposit, with exploration success at Curipamba or the company's Pijili/Santiago targets in 2021 expected to add incremental value. Further clarity on funding/permitting is anticipated following the second round of Ecuadorian elections on April 11th.

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Summary: Near-Term Commodity Prices Updated to Reflect Spot; Equities Remain Discounted

Figure 1: Summary of Revisions to Ratings/Target

| | Ticker | Analyst | Price (C\$) | Rating | Target (C\$) | |
|------------------------------|----------|---------|-------------|--------|--------------|----------|
| | | | | | Current | Previous |
| Capstone Mining Corp. | CS.TO | Nagle | \$4.35 | OP | \$5.65 | \$4.50 |
| Copper Mountain Mining Corp. | CMMC.TO | Nagle | \$3.32 | OP | \$4.50 | \$3.25 |
| Ero Copper Corp. | ERO.TO | Nagle | \$22.74 | SP | \$26.00 | \$24.00 |
| First Quantum Minerals Ltd | FM.TO | Nagle | \$28.15 | OP | \$32.00 | \$29.00 |
| Hudbay Minerals Inc. | HBM.TO | Nagle | \$10.12 | SP | \$12.50 | \$11.50 |
| Lundin Mining Corp. | LUN.TO | Nagle | \$13.99 | SP | \$16.25 | \$15.50 |
| Nexa Resources | NEXA.TO | Nagle | \$13.15 | SP | \$15.50 | \$15.00 |
| Sherritt International Corp. | S.TO | DeMarco | \$0.53 | SP | \$0.65 | \$0.60 |
| Taseko Mines Ltd. | TKO.TO | Nagle | \$2.30 | SP | \$3.00 | \$2.65 |
| Teck Resources Ltd. | TECKB.TO | Nagle | \$24.87 | OP | \$30.00 | \$30.00 |
| Trevali Mining Corp. | TV.TO | Nagle | \$0.21 | SP | \$0.25 | \$0.25 |
| Adventus Mining | ADZN.V | Nagle | \$1.09 | OP | \$1.65 | \$1.65 |
| Filo Mining Corp. | FIL.V | Nagle | \$3.47 | OP | \$4.50 | \$3.50 |
| Nevada Copper Corp. | NCU.TO | Nagle | \$0.18 | SP | \$0.20 | \$0.20 |
| Josemaria Resources Inc. | JOSE.TO | Nagle | \$0.72 | R | R | R |
| Trilogy Metals Corp. | TMQ.TO | Nagle | \$2.89 | OP | \$4.25 | \$4.00 |

Source: NBF Estimates, Refinitiv

Revised Commodity Price Assumptions:

- We incorporated an increase in near-term base metal commodity prices reflecting increased spot prices from our previous update in January 2021. While speculative interest remains elevated and potential Latin American supply disruptions has supported prices along with positive long-term sentiment, there remains some uncertainty as to the extent countries can contain new waves of infection in the near term until successful vaccines are rolled out, and as a result, we expect fiscal and monetary support measures will be imperative to maintaining economic recovery and prices will remain volatile in the near term.
- Our long-term price assumptions remain based off industry cost-curve/incentive price analysis and are expected to benefit from increased battery demand for electric vehicles and energy storage, which offers further upside to our long-term price projections.
- See Figure 4 for our revised base metal commodity price assumptions.

What are Stocks Pricing In?

- Equity valuations under our Base Case remain largely in line with historical ranges, despite elevated commodity prices, positive sentiment for the sector and currently depressed interest rates
- We highlight our base metal coverage is currently implying a copper price of US\$3.03/lb (US\$3.28/lb for producers and US\$2.55/lb for developers), relatively unchanged from our previous analysis on March 7, 2021 and compared to an implied price of US\$2.81/lb at the beginning of the year.

Figure 2: Revisions to Price Targets and Valuation Methodologies

| | Ticker | Analyst | | Rating | Target (C\$) | NAVPS (C\$) | Target Derivation Methodology |
|------------------------------|----------|---------|----------------|--------|-----------------|----------------|---|
| Adventus Mining | ADZN.V | Nagle | Current | OP | \$1.65 | \$2.10 | 0.75x NAV |
| | | | Previous | OP | \$1.65 | \$2.04 | Unchanged |
| | | | Change | - | - | ↑ | |
| Capstone Mining Corp. | CS.TO | Nagle | Current | OP | \$5.65 | \$5.76 | 0.95x NAV (50%); 5.5x EV/2021 CF (25%); 5.5x EV/2022 CF (25%) |
| | | | Previous | OP | \$4.50 | \$4.02 | 1.0x NAV (50%); 6.0x EV/2021 CF (25%); 6.0x EV/2022 CF (25%) |
| | | | Change | - | ↑ | ↑ | |
| Copper Mountain Mining Corp. | CMMC.TO | Nagle | Current | OP | \$4.50 | \$4.70 | 0.85x NAV (50%); 5.5x EV/2021 CF (25%); 5.5x EV/2022 CF (25%) |
| | | | Previous | OP | \$3.25 | \$4.15 | 0.85x NAV (50%); 5.0x EV/2021 CF (25%); 5.0x EV/2022 CF (25%) |
| | | | Change | - | ↑ | ↑ | |
| Ero Copper Corp. | ERO.TO | Nagle | Current | SP | \$26.00 | \$31.41 | 0.95x NAV (50%); 6.0x EV/2021 CF (25%); 6.0x EV/2022 CF (25%) |
| | | | Previous | SP | \$24.00 | \$28.14 | Unchanged |
| | | | Change | - | ↑ | ↑ | |
| Filo Mining Corp. | FIL.V | Nagle | Current | OP | \$4.50 | \$6.99 | 0.55x NAV |
| | | | Previous | OP | \$3.50 | \$5.35 | Unchanged |
| | | | Change | - | ↑ | ↑ | |
| First Quantum Minerals Ltd | FM.TO | Nagle | Current | OP | \$32.00 | \$25.41 | 1.00x NAV (50%); 7.5x EV/2021 CF (25%); 7.5x EV/2022 CF (25%) |
| | | | Previous | OP | \$29.00 | \$23.23 | 1.00x NAV (50%); 8.0x EV/2021 CF (25%); 8.0x EV/2022 CF (25%) |
| | | | Change | - | ↑ | ↑ | |
| Hudbay Minerals Inc. | HBM.TO | Nagle | Current | SP | \$12.50 | \$9.60 | 0.95x NAV (50%); 6.5x EV/2021 CF (25%); 6.5x EV/2022 CF (25%) |
| | | | Previous | SP | \$11.50 | \$8.05 | Unchanged |
| | | | Change | - | ↑ | ↑ | |
| Josemaria Resources Inc. | JOSE.TO | Nagle | Current | R | R | R | Restricted |
| | | | Previous | R | R | R | Restricted |
| | | | Change | - | - | - | |
| Lundin Mining Corp. | LUN.TO | Nagle | Current | SP | \$16.25 | \$12.45 | 1.1x NAV (50%); 6.5x EV/2021 CF (25%); 6.5x EV/2022 CF (25%) |
| | | | Previous | SP | \$15.50 | \$11.56 | Unchanged |
| | | | Change | - | ↑ | ↑ | |
| Nevada Copper Corp. | NCU.TO | Nagle | Current | SP | \$0.20 | \$0.37 | 0.70x NAV |
| | | | Previous | SP | \$0.20 | \$0.43 | 0.65x NAV |
| | | | Change | - | - | ↓ | |
| Nexa Resources | NEXA.TO | Nagle | Current | SP | \$15.50 | \$28.48 | 0.75x NAV (50%); 5.0x EV/2021 CF (25%); 5.0x EV/2022 CF (25%) |
| | | | Previous | SP | \$15.00 | \$29.61 | Unchanged |
| | | | Change | - | ↑ | ↓ | |
| Sherritt International Corp. | S.TO | DeMarco | Current | SP | \$0.65 | \$0.88 | 0.75x NAVPS (100%) |
| | | | Previous | SP | \$0.60 | \$0.60 | 1.00x NAVPS (100%) |
| | | | Change | - | ↑ | ↑ | |
| Taseko Mines Ltd. | TKO.TO | Nagle | Current | SP | \$3.00 | \$4.23 | 0.85x NAV (50%); 5.5x EV/2021 CF (25%); 5.5x EV/2022 CF (25%) |
| | | | Previous | SP | \$2.65 | \$3.94 | 0.85x NAV (50%); 6.0x EV/2021 CF (25%); 6.0x EV/2022 CF (25%) |
| | | | Change | - | ↑ | ↑ | |
| Teck Resources Ltd. | TECKb.TO | Nagle | Current | OP | \$30.00 | \$26.14 | 1.0x NAV (50%); 7.0x EV/2021 CF (25%); 7.0x EV/2022 CF (25%) |
| | | | Previous | OP | \$30.00 | \$27.74 | 1.00x NAV (50%); 6.5x EV/2021 CF (25%); 6.5x EV/2022 CF (25%) |
| | | | Change | - | - | ↓ | |
| Trevalli Mining Corp. | TV.TO | Nagle | Current | SP | \$0.25 | \$0.45 | 0.70x NAV(50%); 2.0x EV/2021 CF (25%); 2.0x EV/2022 CF (25%) |
| | | | Previous | SP | \$0.25 | \$0.44 | Unchanged |
| | | | Change | - | - | ↑ | |
| Trilogy Metals Corp. | TMQ.TO | Nagle | Current | OP | \$4.25 | \$4.97 | 0.75x NAV |
| | | | Previous | OP | \$4.00 | \$4.66 | Unchanged |
| | | | Change | - | ↑ | ↑ | |

Source: NBF Estimates

In addition to revised commodity price assumptions, we made additional revisions to our estimates for the following companies:

Adventus Mining (ADZN: TSX.V, \$1.65 TP, OP) - we revised the equity issue price as part of our financing assumptions for the El Domo project to \$1.10/share (from \$1.00/share previously) - accounting for the change in NAV.

Capstone Mining (CS: TSX, \$5.65 TP, OP) - we incorporated the finalized gold stream sale and port agreement at Santo Domingo and also included the repurchase of KORES's 30% stake for staged payments of US\$120 mln (albeit, we continue to model Capstone at a 70% ownership level as we anticipate a partnership agreement announced sometime before mid-2021). We also now model initial production from Santo Domingo in H1/2024 (was H2/2025) - these changes accounted for -70% of the change in NAV, with revised commodity price assumptions accounting for the remainder.

Copper Mountain Mining (CMMC: TSX, \$4.50 TP, OP) - we incorporated the US\$250 mln 8% Senior Secured Nordic Bond offering maturing in April 2026. We included the associated replacement of outstanding debt on the company's balance sheet with these Notes.

Filo Mining (FIL: TSX.V, \$4.50 TP, OP) - we revised the equity issue price as part of our financing assumptions for the Filo del Sol project to \$3.20/share (from \$2.00/share previously) - accounting for the change in NAV.

Hudbay Minerals (HBM: TSX, \$12.50 TP, SP) - we incorporated updated technical reports from both Constancia and Snow Lake - continuing to model Measured & Indicated resources being mined for Pampacanacha at Constancia throughout Q2/21 to 2027 (unchanged) and accounting for 50% of incremental Inferred resources at Manitoba to account for future exploration success. The revisions account for 63% of the change in NAV, with commodity price assumptions accounting for the remainder. Our Base Case continues to exclude DCF valuations for Rosemont/Mason projects - with an *in-situ* valuation accounting for \$1.50 per share.

Nevada Copper (NCU: TSX, \$0.20 TP, SP) - tempered production assumptions throughout H1/21 given recent disclosure resulting in lower NAV, partially offset by increased commodity price assumptions.

Nexa Resources (NEXA: TSX, \$15.50 TP, SP) - accounted for lower production at Vazante and continued shutdown of the underground at Atacocha.

Taseko Mines (TKO: TSX, \$3.00 TP, SP) - incorporated the company's copper price protection strategy, via put options on 41 mln lbs of copper at a strike price of US\$3.75/lb (having no impact on our Base Case assumptions).

Teck Resources (TECK.B: TSX, \$30.00 TP, OP) - we accounted for slightly higher costs in Q1/21 in the coal division, included the \$60 mln settlement payment for the Fisheries Act in Q2/21 and given inefficiencies continued at Fort Hills, allowed for lower production/elevated costs throughout Q1/21 - these changes accounted for 70% of the reduction in NAV with commodity price assumptions (specifically lower coking coal assumptions in 2021 partially offset by higher copper prices) accounting for the remaining impact.

Trilogy Metals (TMQ: TSX, \$4.25 TP, OP) - we revised the equity issue price as part of our financing assumptions for the Arctic project to \$2.75/share (from \$2.50/share previously) - accounting for the change in NAV.

Figure 3: Revisions to 2021/2022 EBITDA, EPS & CFPS Estimates for Producers Compared with Consensus

| Ticker | Analyst | | EBITDA, US\$ mln | | EPS, US\$ | | CFPS, US\$ | |
|----------|---------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| CS.TO | Nagle | Current | \$376 | \$414 | \$0.52 | \$0.57 | \$0.78 | \$0.78 |
| | | Previous | \$299 | \$333 | \$0.39 | \$0.45 | \$0.64 | \$0.63 |
| | | Consensus | \$286 | \$286 | \$0.34 | \$0.31 | \$0.56 | \$0.57 |
| CMMC.TO | Nagle | Current | C\$247 | C\$234 | C\$0.66 | C\$0.60 | C\$1.22 | C\$1.14 |
| | | Previous | C\$207 | C\$193 | C\$0.58 | C\$0.52 | C\$1.03 | C\$0.89 |
| | | Consensus | C\$187 | C\$155 | C\$0.49 | C\$0.31 | C\$0.81 | C\$0.59 |
| ERO.TO | Nagle | Current | \$327 | \$344 | \$2.36 | \$2.43 | \$3.13 | \$3.25 |
| | | Previous | \$283 | \$303 | \$1.96 | \$2.05 | \$2.73 | \$2.87 |
| | | Consensus | \$270 | \$246 | \$1.79 | \$1.54 | \$2.54 | \$2.39 |
| FM.TO | Nagle | Current | \$3,883 | \$4,780 | \$1.64 | \$2.93 | \$4.69 | \$5.91 |
| | | Previous | \$3,515 | \$4,018 | \$1.35 | \$2.09 | \$4.32 | \$4.99 |
| | | Consensus | \$3,377 | \$3,846 | \$1.21 | \$1.67 | \$3.24 | \$3.67 |
| HBM.TO | Nagle | Current | \$566 | \$864 | \$0.30 | \$0.92 | \$2.04 | \$2.74 |
| | | Previous | \$573 | \$834 | \$0.18 | \$0.63 | \$1.99 | \$2.62 |
| | | Consensus | \$562 | \$708 | \$0.27 | \$0.67 | \$1.77 | \$2.14 |
| LUN.TO | Nagle | Current | \$1,804 | \$2,009 | \$1.16 | \$1.47 | \$2.17 | \$2.32 |
| | | Previous | \$1,603 | \$1,769 | \$0.96 | \$1.25 | \$1.92 | \$2.06 |
| | | Consensus | \$1,585 | \$1,589 | \$0.89 | \$0.87 | \$1.57 | \$1.64 |
| NCU.TO | Nagle | Current | \$34 | \$103 | \$0.01 | \$0.04 | \$0.02 | \$0.05 |
| | | Previous | \$65 | \$83 | \$0.02 | \$0.03 | \$0.03 | \$0.04 |
| | | Consensus | \$47 | \$89 | \$0.01 | \$0.02 | \$0.02 | \$0.04 |
| NEXA.TO | Nagle | Current | \$599 | \$714 | \$0.86 | \$1.21 | \$3.31 | \$4.01 |
| | | Previous | \$607 | \$696 | \$0.90 | \$1.15 | \$3.37 | \$3.96 |
| | | Consensus | \$526 | \$522 | \$1.64 | \$2.08 | \$2.28 | \$1.95 |
| S.TO | DeMarco | Current | C\$12 | C\$21 | C\$0.17 | C\$0.16 | C\$0.33 | C\$0.32 |
| | | Previous | C\$8 | C\$18 | C\$0.02 | C\$0.10 | C\$0.18 | C\$0.25 |
| | | Consensus | C\$92 | C\$80 | C\$0.10 | C\$0.13 | C\$0.14 | C\$0.18 |
| TKO.TO | Nagle | Current | C\$208 | C\$212 | C\$0.16 | C\$0.16 | C\$0.71 | C\$0.70 |
| | | Previous | C\$154 | C\$158 | C\$0.05 | C\$0.05 | C\$0.54 | C\$0.54 |
| | | Consensus | C\$148 | C\$136 | C\$0.03 | C\$0.03 | C\$0.44 | C\$0.42 |
| TECKb.TO | Nagle | Current | C\$3922 | C\$4561 | C\$2.70 | C\$3.50 | C\$5.91 | C\$6.83 |
| | | Previous | C\$4391 | C\$4376 | C\$3.36 | C\$3.27 | C\$6.69 | C\$6.52 |
| | | Consensus | C\$4215 | C\$4509 | C\$2.83 | C\$2.90 | C\$6.28 | C\$6.64 |
| TV.TO | Nagle | Current | \$128 | \$135 | \$0.06 | \$0.06 | \$0.12 | \$0.11 |
| | | Previous | \$129 | \$137 | \$0.06 | \$0.06 | \$0.12 | \$0.11 |
| | | Consensus | \$114 | \$100 | \$0.04 | \$0.03 | \$0.10 | \$0.11 |

Source: NBF Estimates, Refinitiv

Revised Commodity Price Assumptions

We maintained our methodology of layering in spot commodity prices through to the end of 2022 before trending towards our fundamental long-term price assumptions from 2025 onwards. In addition to revised base metal prices, we also incorporated our updated precious metal/FX commodity price forecasts.

In line with our expectations, base metal prices have remained highly volatile in recent weeks, impacted by the ongoing distribution of COVID-19 vaccines, accommodative government policies/stimulus spending and the slow re-opening of the global economy. Although levels of speculative interest in the space have come down from February 2021 highs, levels still remain elevated on average compared to the last year.

There remains some uncertainty as to the extent countries can contain new waves of COVID variants in the near term until successful vaccines are rolled out. Given these circumstances, we expect fiscal and monetary support measures will be imperative to maintaining economic recovery in the near term. Fundamentally, copper prices are expected to be modestly supported by a small forecast deficit of 150 kt in 2021, followed by surpluses in 2022 and 2023 as copper end-use demand remains steady and supply ramps up in Latin America after disruptions from the last year followed by several larger-scale projects coming online.

Longer term, commodities like copper, nickel and cobalt will also benefit from increased battery demand for electric vehicles and energy storage, which offers further upside to our long-term price projections.

Figure 4: Revised Metal Price Assumptions

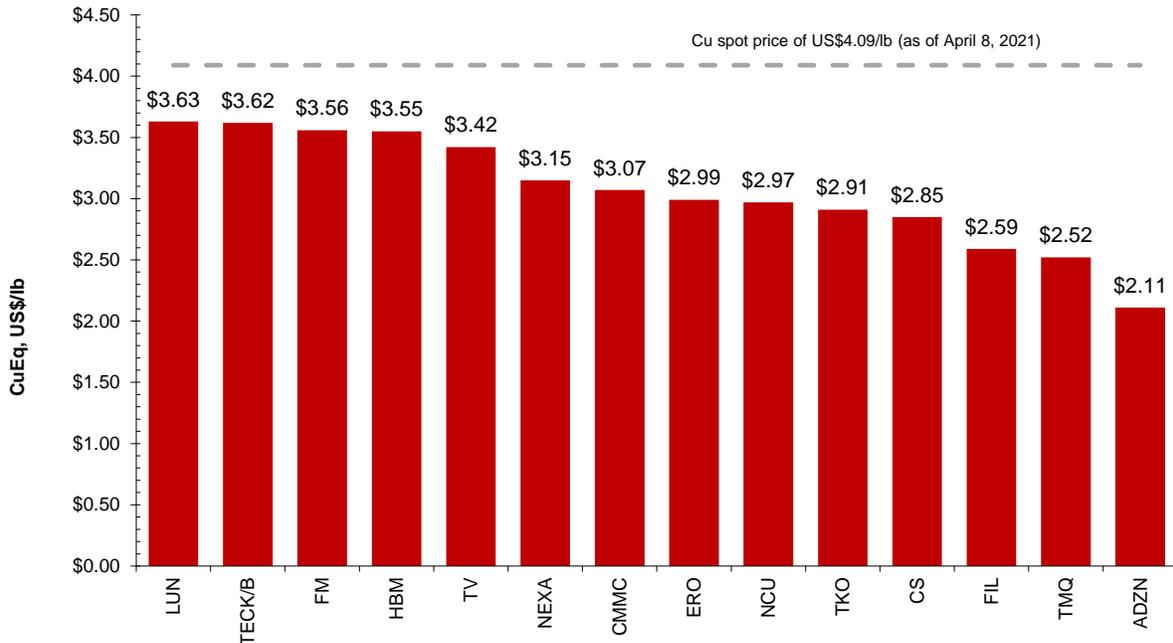
| | | | Q1/21A | 2021E | 2022E | 2023E | 2024E | LT |
|------------------|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Copper | (US\$/lb) | Current | \$3.86 | \$4.00 | \$4.00 | \$3.50 | \$3.50 | \$3.15 |
| | | <i>Previous</i> | \$3.55 | \$3.55 | \$3.55 | \$3.25 | \$3.25 | \$3.15 |
| | | <i>Change</i> | ↑ | ↑ | ↑ | ↑ | ↑ | - |
| Nickel | (US\$/lb) | Current | \$7.97 | \$7.50 | \$7.50 | \$7.25 | \$7.25 | \$7.00 |
| | | <i>Previous</i> | \$7.50 | \$7.50 | \$7.50 | \$7.25 | \$7.25 | \$7.00 |
| | | <i>Change</i> | ↑ | - | - | - | - | - |
| Zinc | (US\$/lb) | Current | \$1.25 | \$1.25 | \$1.25 | \$1.20 | \$1.20 | \$1.15 |
| | | <i>Previous</i> | \$1.25 | \$1.25 | \$1.25 | \$1.20 | \$1.20 | \$1.15 |
| | | <i>Change</i> | - | - | - | - | - | - |
| Lead | (US\$/lb) | Current | \$0.91 | \$0.90 | \$0.90 | \$0.90 | \$0.90 | \$0.90 |
| | | <i>Previous</i> | \$0.90 | \$0.90 | \$0.90 | \$0.90 | \$0.90 | \$0.90 |
| | | <i>Change</i> | ↑ | - | - | - | - | - |
| Cobalt | (US\$/lb) | Current | \$20.98 | \$23.00 | \$23.00 | \$21.00 | \$21.00 | \$20.00 |
| | | <i>Previous</i> | \$14.50 | \$14.50 | \$14.50 | \$17.50 | \$17.50 | \$20.00 |
| | | <i>Change</i> | ↑ | ↑ | ↑ | ↑ | ↑ | - |
| Molybdenum | (US\$/lb) | Current | \$11.32 | \$11.25 | \$11.25 | \$9.00 | \$9.00 | \$7.50 |
| | | <i>Previous</i> | \$9.25 | \$9.25 | \$9.25 | \$8.50 | \$8.50 | \$7.50 |
| | | <i>Change</i> | ↑ | ↑ | ↑ | ↑ | ↑ | - |
| Hard Coking Coal | (US\$/t) | Current | \$122.00 | \$120.00 | \$145.00 | \$140.00 | \$140.00 | \$135.00 |
| | | <i>Previous</i> | \$145.00 | \$145.00 | \$145.00 | \$140.00 | \$140.00 | \$135.00 |
| | | <i>Change</i> | ↓ | ↓ | - | - | - | - |

Source: NBF Estimates, Refinitiv, Bloomberg

What are Stocks Pricing In?

We highlight our base metal coverage is currently implying a copper price of US\$3.03/lb (relatively unchanged from our previous analysis on March 7, 2021 and compared to an implied price of US\$2.81/lb at the beginning of the year), while copper prices have rallied from US\$3.60/lb to north of US\$4.00/lb over the same period.

Figure 5: Implied Copper Price (at 1.0x NAV)

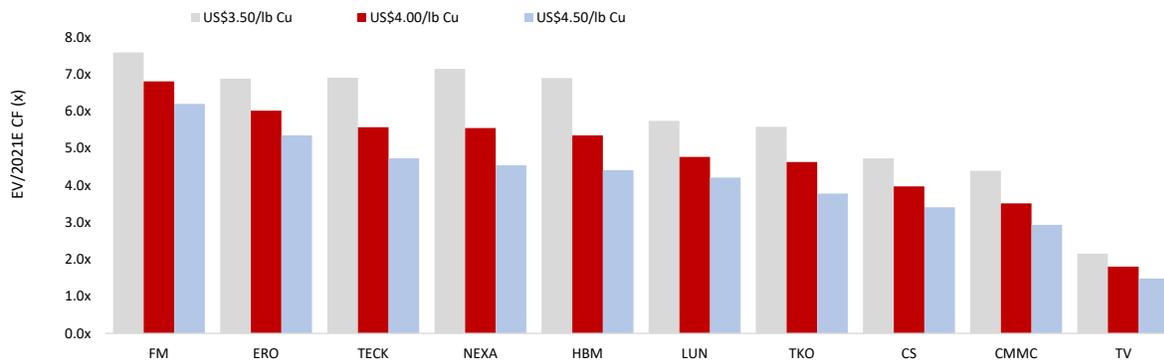


Sources: NBF Estimates

Sensitivity of Valuations to Copper Price Assumptions

Given recent volatility, we provide a detailed look at EV/CF sensitivities at various copper prices (US\$3.50/lb, US\$4.00/lb and US\$4.50/lb).

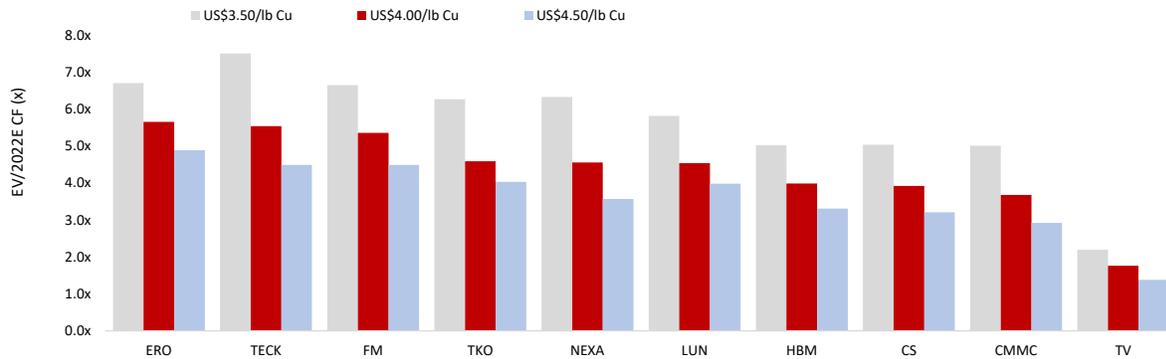
Figure 6: EV/2021E CF Sensitivity Analysis at Various Copper Prices



Source: NBF Estimates

CuEq values based off of spot commodity prices as of April 8, 2021 – US\$4.09/lb Cu, US\$7.63/lb Ni, US\$1.30/lb Zn, US\$138.50/t HCC & US\$1,746/oz Au

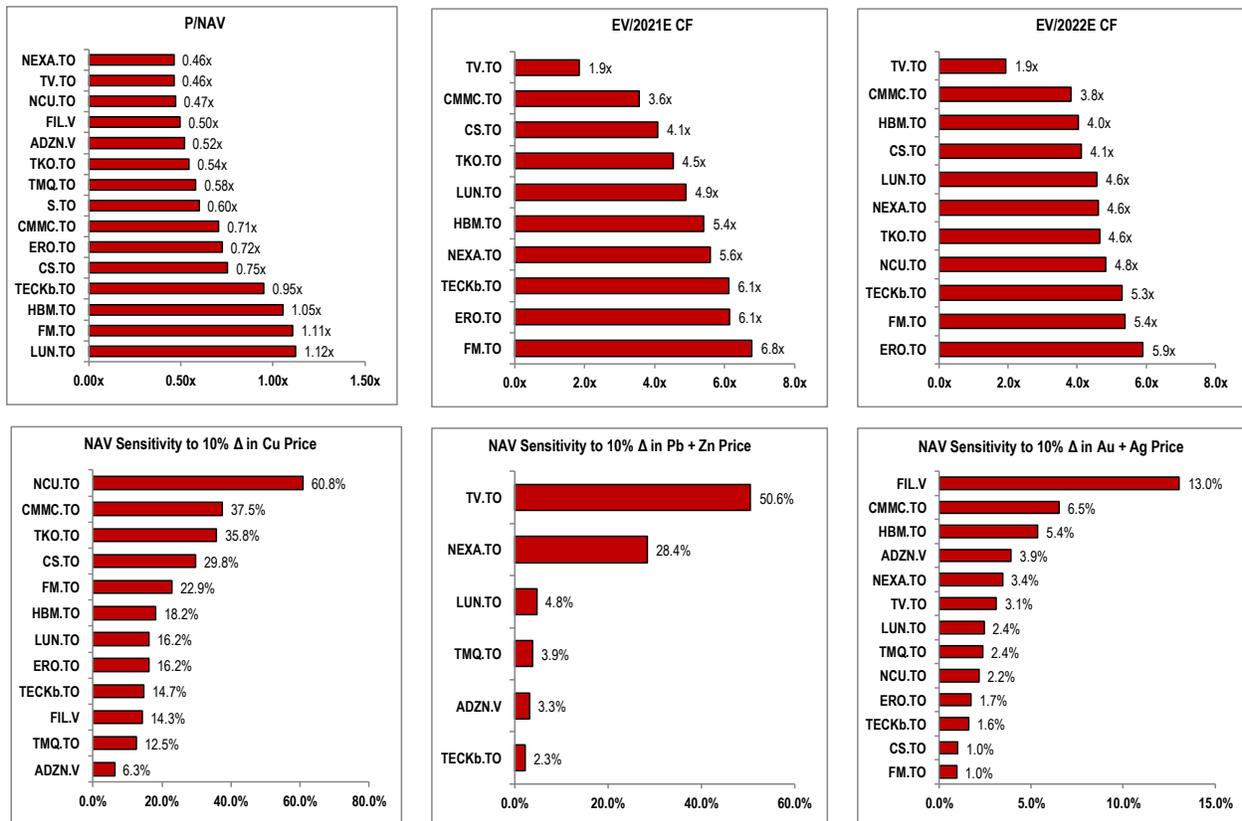
Figure 7: EV/2022E CF Sensitivity Analysis at Various Copper Prices



Source: NBF Estimates

CuEq values based off of spot commodity prices as of April 8, 2021 – US\$4.09/lb Cu, US\$7.63/lb Ni, US\$1.30/lb Zn, US\$138.50/t HCC & US\$1,746/oz Au

Figure 8: Base Metal Comparables (NBF Base Case)

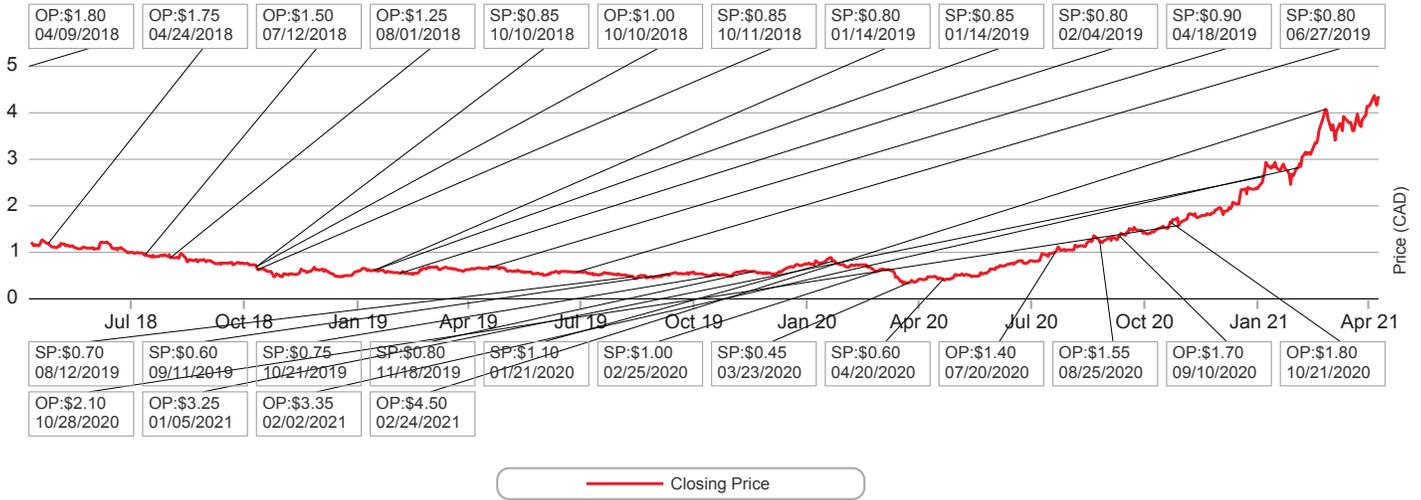


Source: NBF Estimates, Refinitiv

Disclosures

PRICE, RATING AND TARGET HISTORY: OP = Outperform, SP = Sector Perform, UP = Underperform, UR = Under Review, R = Restricted; (Source: Factset, NBF)

Capstone Mining Corp. Rating History as of 04/08/2021



Ero Copper Corp. Rating History as of 04/08/2021



First Quantum Minerals Ltd. Rating History as of 04/08/2021



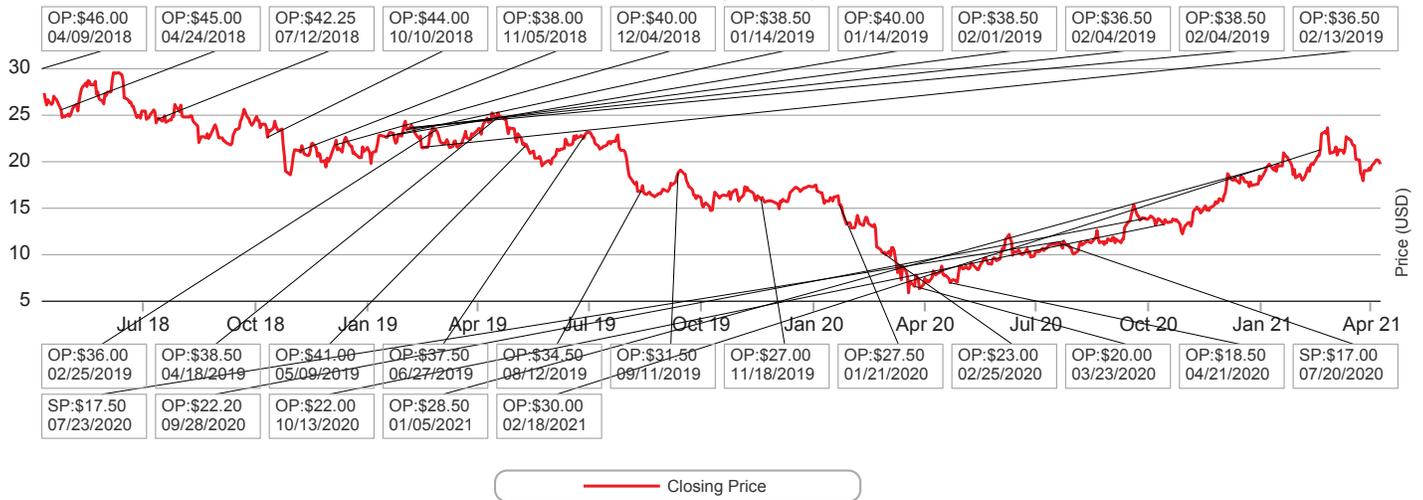
Hudbay Minerals Inc. Rating History as of 04/08/2021



Nexa Resources S.A. Rating History as of 04/08/2021



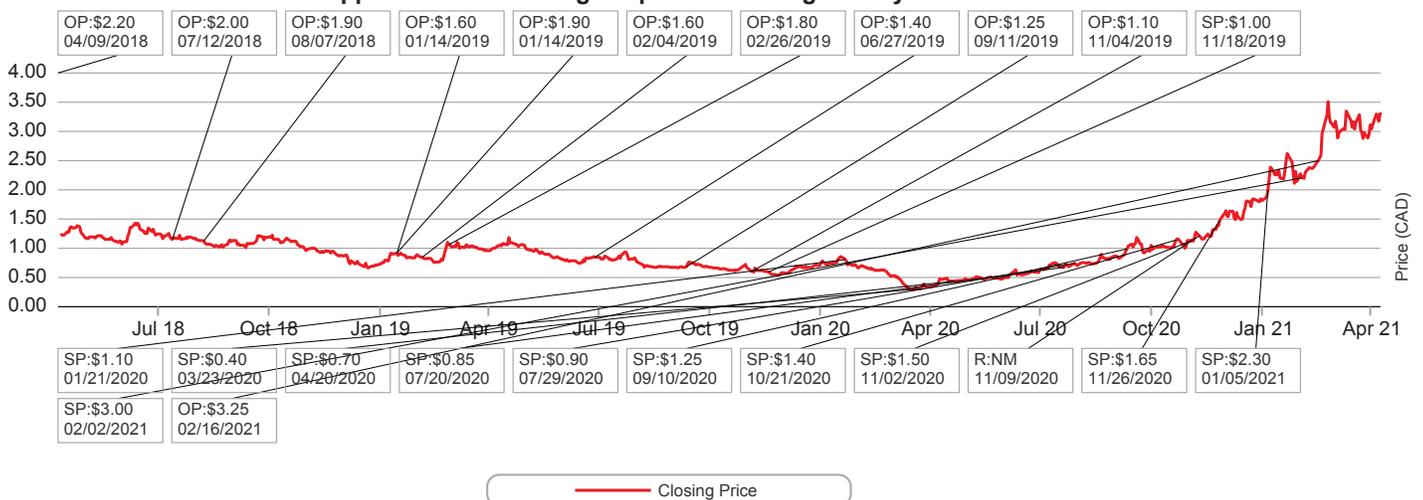
Teck Resources Limited Rating History as of 04/08/2021



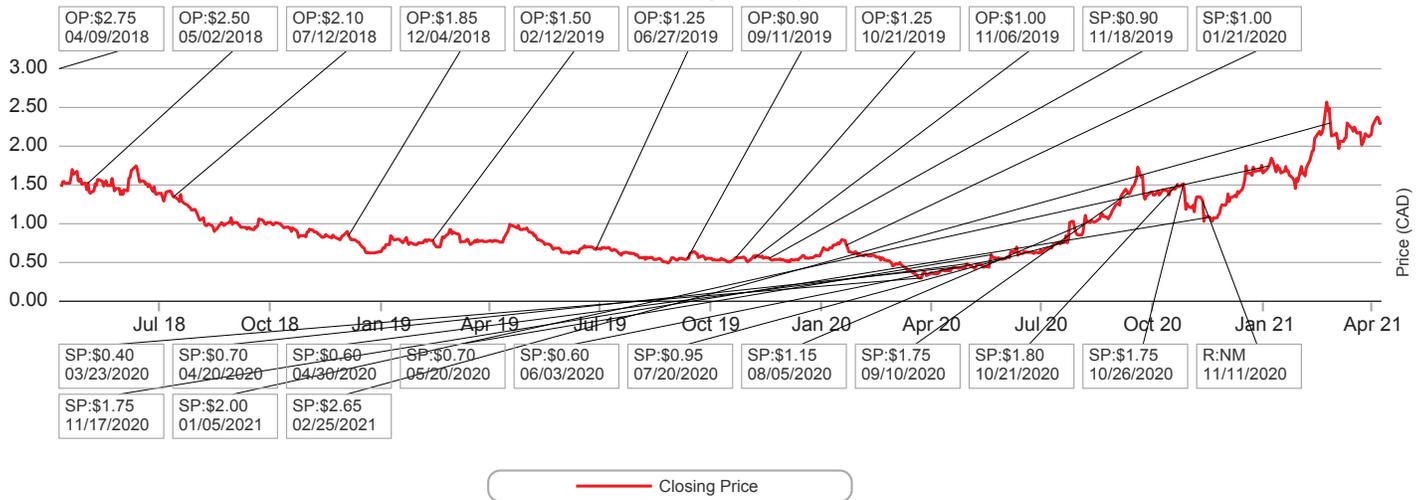
Trevali Mining Corporation Rating History as of 04/08/2021



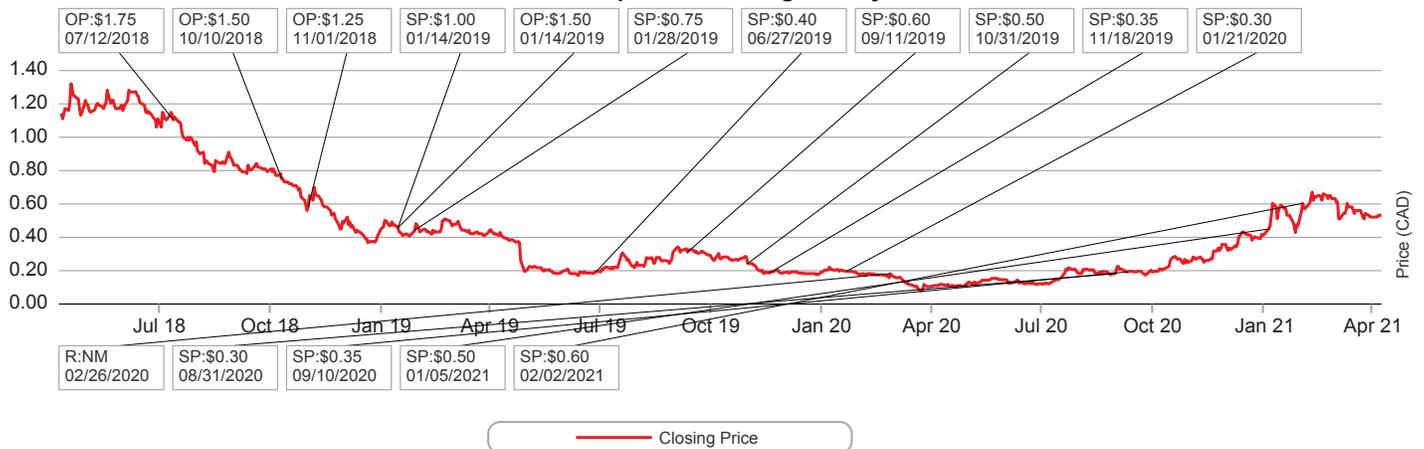
Copper Mountain Mining Corporation Rating History as of 04/08/2021



Taseko Mines Limited Rating History as of 04/08/2021



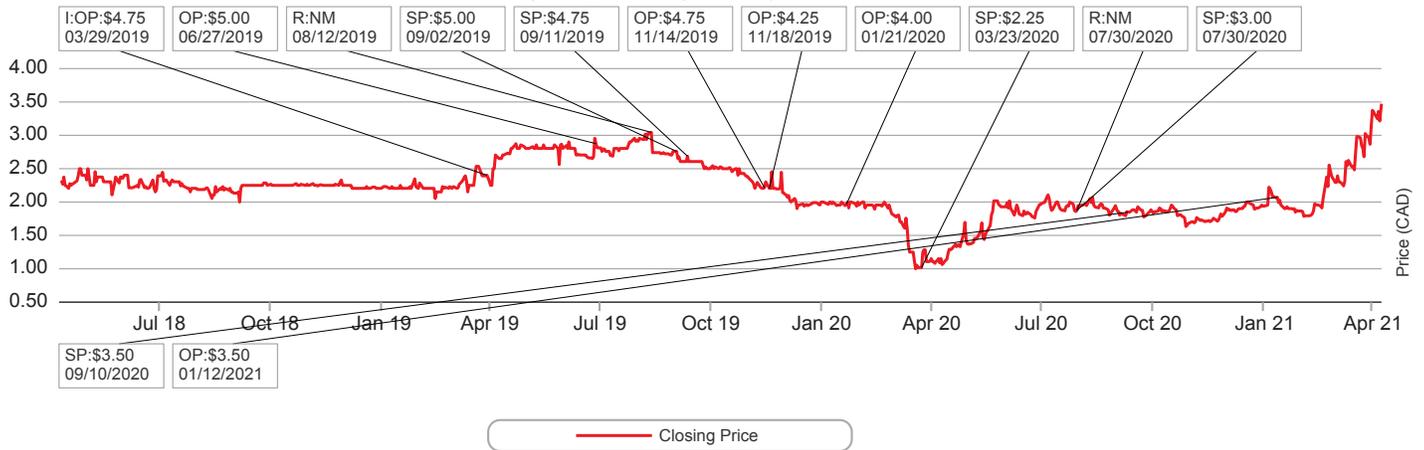
Sherritt International Corporation Rating History as of 04/08/2021



Lundin Mining Corporation Rating History as of 04/08/2021



Filo Mining Corp. Rating History as of 04/08/2021



Adventus Mining Corporation Rating History as of 04/08/2021



Trilogy Metals Inc. Rating History as of 04/08/2021





RISKS:

CS

Development Risk: Capstone's ability to successfully complete expansion opportunities at Cozamin and development of Santo Domingo are subject to many risks and uncertainties including the completion of feasibility studies, obtaining/maintaining permits from local governments and obtaining adequate financing.

Commodity Risk: Capstone's valuation is primarily levered to long-term copper prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand fundamentals.

ERO

Exploration/Development Risk: Ero Copper's ability to successfully complete development work and deliver exploration success sufficient to warrant future expansion opportunities at its MSCA complex and NX Gold properties is subject to many risks and uncertainties, including upgrading mineral resources, updating the mine plan and obtaining adequate financing (if necessary).

Commodity Risk: Ero Copper's valuation is primarily levered to long-term copper prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand fundamentals.

Variable Costs: Ero Copper is exposed to fluctuations in input costs, such as labour, fuel, consumables and power. Any increases in these variables could negatively impact operating and capital costs on both the company's operating and development projects.

FM

Commodity Risk: First Quantum's valuation is primarily exposed to fluctuations in copper prices. These prices are impacted by several external factors outside of the company's control, including interest rates, inflation and supply/demand fundamentals.

Development risk: First Quantum's ability to successfully complete its current expansion and development initiatives are subject to many risks and uncertainties.

Geopolitical: First Quantum's portfolio includes several operations in Zambia, including Kansashi, Sentinel and Enterprise, where the government has recently increased taxes and implemented policies that could adversely affect the profitability of the projects.

HBM

Commodity Risk: Hudbay's valuation is primarily levered to long-term metal prices especially copper, zinc and gold. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand fundamentals.

Variable costs: Hudbay does not hedge input costs, such as labour, fuel, consumable and power. Any increases in these variables could negatively impact operating and capital costs on both the company's operating and development projects.

Development risk: Hudbay relies on developing additional projects to maintain production growth. The ability to successfully complete a project is subject to many risks and uncertainties including the completion of feasibility studies, mineral resource conversion, labour disputes and obtaining adequate financing.

NEXA

Commodity Risk: Nexa's valuation is primarily levered to long-term zinc and copper prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand fundamentals.

Currency/Inflation Risk: Nexa's operations are located in geographies that can be subject to volatile inflationary pressure, particularly in Brazil, which could potentially interfere with domestic demand for products, and add additional pressure on abilities to access capital markets. With several development projects ongoing, cost inflation could have a potentially material negative impact. Additionally, a certain portion of Nexa's production costs are derived in BRL and PEN, and despite the company employing a fiscal policy of hedges limited to 80% of costs incurred in Reals, there remains the risk of considerable exchange fluctuations.

TECK.B / TECK

Commodity Risk: Teck is a diversified resource company and depends on sales of primarily coal, copper, zinc and oil to generate its earnings. As such, Teck's valuation remains indirectly exposed to the pace of growth in China (the world's largest copper importer) and global steel production (the primary use of metallurgical coal). Teck generally does not hedge its future production, leaving the company exposed to price volatility.

Development Risk: Teck's ability to successfully complete its expansion and development objectives is subject to many risks and uncertainties, including the completion of feasibility studies, upgrading mineral resources and grade estimates and labour disputes.

TV

Commodity: Trevali's valuation is primarily levered to zinc prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand market fundamentals.

Exploration/Development Risk: Trevali's ability to successfully deliver exploration success sufficient to warrant future expansion opportunities at all four producing mines and development work at the Bathurst Mining Camp are subject to many risks and uncertainties, including the completion of feasibility studies, upgrading mineral resources and grade estimates, and obtaining adequate financing (if necessary).

CMMC

Development Risk: A portion of CMMC's valuation is derived from the New Ingerbelle and Eva Copper Projects, for which a go-forward decision remains pending. Following a potential go-forward decision, risks related to development will remain as the project gets built out and ramped up.

Financing & Liquidity Risk: CMMC has elevated debt outstanding (credit facility, various subordinated/term loans) and ability to repay debt is dependent on the company's ability to generate FCF. CMMC's cash flows are subject to fluctuations in copper prices and other relevant commodities (fuel).

Speculative Risk: We ascribe a Speculative risk rating given the company's status as a single-asset company, where several de-risking initiatives including further exploration success, permitting, funding and development milestones are to be achieved prior to achieving their growth initiatives. Their growth initiatives require additional funding given current project-level debt commitments at their Copper Mountain mine as well as completion of detailed engineering/amendments to existing permits.

TKO / TGB

Development Risk: A portion of TKO's valuation is tied to the Florence PTF, which employs a non-conventional method to mine copper and is currently in the testing phase.

Reserve Depletion: As with many mining companies, TKO relies on brownfield and greenfield exploration to increase reserves and sustain production levels.

Financing & Liquidity Risk: TKO is levered and the ability to pay the outstanding debt is subject to repayment risk from the company's ability to generate FCF. TKO's cash flows are subject to fluctuations in copper prices (unhedged) and other relevant commodities (fuel).

Speculative Risk: We ascribe a Speculative risk rating given the company's growth initiatives at Florence and Yellowhead require several de-risking initiatives including further exploration success, permitting, funding and development milestones prior to being achieved.

S

Political Risk: A significant portion of Sherritt's valuation is driven by operations in Cuba, where political risks remain heightened.

Financing & Liquidity Risk: S is levered and the ability to pay outstanding debt is subject to repayment risk from the company's ability to generate FCF. Cuban government receivables remain outstanding.

Commodity Prices: Sherritt's cash flows are subject to fluctuations in copper and nickel prices, and other relevant commodities (oil, gas, fuel).

LUN

Commodity Risk: Lundin's valuation is primarily levered to long-term copper, zinc and nickel prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand fundamentals.

Currency Risk: Two of Lundin's operations are currently based in Europe where revenue is generated by commodity prices (primarily in U.S. dollars) with costs largely incurred in Euros and Swedish Krona. Additionally, the company's primary operation, Candelaria is located in Chile, exposing the company to earnings volatility from fluctuations in exchange rates.

Development risk: Lundin's ability to successfully complete expansion objectives across each of its operations is subject to uncertainties regarding the completion of optimization initiatives, obtaining/maintaining permits from local governments, successful resource conversion, and securing required financing.

FIL

Commodity Risk: Filo's valuation is primarily levered to copper prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand market fundamentals.

Exploration/Development Risk: Filo's ability to deliver exploration success sufficient to warrant future development opportunities at Filo del Sol are subject to many risks, including the completion of viable feasibility studies, upgrading mineral resources, managing potential labour disruptions, receiving the proper permitting and obtaining adequate financing.

Variable Costs: Filo is exposed to fluctuations in input costs, such as labour, fuel, consumables and power. Any increases in these variables could negatively impact operating and capital costs on the company's development projects.

ADZN

Exploration/Development Risk: Adventus' ability to deliver exploration success sufficient to warrant future development opportunities at Curipamba, Pijili and Santiago are subject to many risks, including the completion of viable feasibility studies, upgrading mineral resources, managing potential labour disruptions, receiving the proper permitting and obtaining adequate financing.

Commodity Risk: Adventus' valuation is primarily levered to copper prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand market fundamentals.

Variable Costs: Adventus is exposed to fluctuations in input costs, such as labour, fuel, consumable and power. Any increases in these variables could negatively impact operating and capital costs on the company's development projects.

TMQ

Exploration/Development Risk: Trilogy's ability to deliver exploration success sufficient to warrant future development opportunities at Arctic and Bornite are subject to many risks, including the completion of viable feasibility studies, upgrading mineral resources, managing potential labour disruptions, receiving the proper permitting and obtaining adequate financing.

Commodity Risk: Trilogy's valuation is primarily levered to copper prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand market fundamentals.

Variable Costs: Trilogy is exposed to fluctuations in input costs, such as labour, fuel, consumables and power. Any increases in these variables could negatively impact operating and capital costs on the company's development projects.

NCU

Exploration/Development Risk: Nevada Copper's ability to successfully complete development work and deliver exploration success sufficient to warrant future expansion opportunities at Pumpkin Hollow is subject to many risks and uncertainties, including the completion of viable feasibility studies, upgrading mineral resources, and obtaining adequate financing to complete construction and further support the open pit project.

Commodity Risk: Nevada Copper's valuation is primarily levered to long-term copper prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand fundamentals.

Variable Costs: Nevada Copper is exposed to fluctuations in input costs, such as labour, fuel, consumables and power. Any increase in these variables could negatively impact operating and capital costs on both the company's operating and development projects.

JOSE

Exploration/Development Risk: Josemaria's ability to deliver exploration success sufficient to warrant future development opportunities at Josemaria are subject to many risks, including the completion of viable feasibility studies, upgrading mineral resources, managing potential labour disruptions, receiving the proper permitting and obtaining adequate financing.

Commodity Risk: Josemaria's valuation is primarily levered to copper prices. Commodity prices are impacted by several external factors out of the company's control, including interest rates, inflation and supply/demand market fundamentals.

Variable Costs: Josemaria is exposed to fluctuations in input costs, such as labour, fuel, consumables and power. Any increases in these variables could negatively impact operating and capital costs on the company's development project.

ADDITIONAL COMPANY RELATED DISCLOSURES

Taseko Mines Limited 2, 3, 4, 5, 7

Teck Resources Limited 2, 3, 4, 5, 7, 9

Adventus Mining Corporation

Capstone Mining Corp. 6, 7

Copper Mountain Mining Corporation 2, 3, 4, 5, 7

Ero Copper Corp. 10

Filo Mining Corp. 2, 3, 4, 5, 7

First Quantum Minerals Ltd. 2, 3, 4, 5, 7, 9

Hudbay Minerals Inc. 2, 3, 4, 5, 7

Josemaria Resources Inc.

Lundin Mining Corporation

Nevada Copper Corp. 2, 3, 4, 5, 6, 7

Nexa Resources S.A.

Sherritt International Corporation 2, 3, 5, 7
Taseko Mines Limited 2, 3, 4, 5, 7
Teck Resources Limited 2, 3, 4, 5, 7, 9
Trevali Mining Corporation 2, 3, 4, 5, 7
Trilogy Metals Inc.

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|--|------------|----------------|--------------|
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