8 FACTORS THAT ARE DRIVING GOLD EQUITIES

1

Over the last **10 years**, gold has performed well in absolute terms…

	US Dollar	Euro	Yuan	Rupee	Yen	Pound	CAD	AUD	CHF	Average
2002	24.80%	5.80%	24.80%	24.10%	12.60%	12.70%	23.50%	13.90%	3.90%	16.20%
2003	19.40%	-0.20%	19.40%	13.50%	8.00%	7.80%	-1.80%	-11.20%	7.30%	6.90%
2004	5.50%	-2.20%	5.50%	0.50%	0.70%	-1.80%	-2.20%	1.40%	-3.10%	0.50%
2005	17.90%	35.10%	15.00%	22.20%	35.70%	31.40%	14.10%	25.80%	36.00%	25.90%
2006	23.20%	10.50%	19.10%	21.00%	24.30%	8.20%	23.50%	14.60%	14.20%	17.60%
2007	31.00%	18.50%	22.50%	16.60%	23.00%	29.30%	11.40%	17.80%	22.00%	21.30%
2008	5.80%	10.60%	-1.10%	30.60%	-14.10%	43.90%	29.90%	31.60%	-4.90%	14.70%
2009	24.40%	21.10%	24.40%	18.90%	27.40%	12.30%	7.90%	-2.40%	20.40%	17.10%
2010	29.50%	38.90%	25.00%	24.50%	12.80%	34.20%	22.00%	13.70%	16.90%	24.10%
2011	10.10%	13.50%	5.20%	30.70%	4.40%	10.70%	12.50%	9.80%	10.60%	11.90%
2012	7.10%	5.20%	6.00%	10.50%	20.80%	2.30%	4.90%	5.80%	4.40%	7.50%
2013	-28.00%	-31.10%	-30.20%	-18.80%	-12.40%	-29.50%	-23.10%	-16.30%	-30.10%	-24.40%
2014	-1.70%	12.00%	0.80%	0.50%	11.80%	4.50%	7.40%	7.40%	9.90%	5.80%
2015	-10.00%	-0.20%	-6.20%	-6.10%	-2.90%	-2.70%	8.40%	10.00%	-6.80%	0.50%
2016 (YTD)	14.40%	11.60%	16.00%	15.90%	5.30%	16.10%	8.30%	15.30%	13.60%	12.94%
10-Year Return	**89.20%**	**117.90%**	**55.30%**	**173.90%**	**86.40%**	**144.10%**	**124.80%**	**96.80%**	**54.50%**	**104.77%**

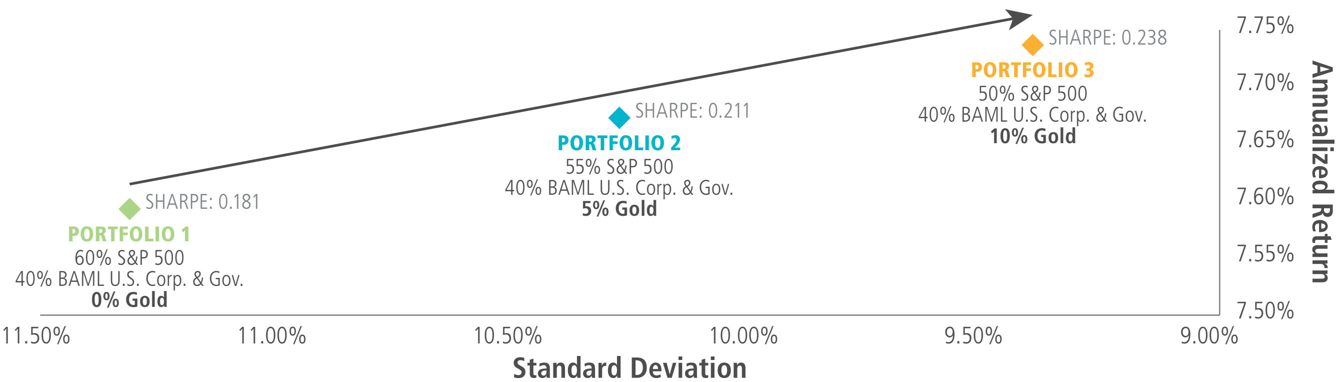
Source: Bloomberg.

2 …and in relative terms

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	10-Years 2006-'15 Annualized
MSCI EmMkts 34.5%	REITs 35.5%	MSCI EmMkts 39.8%	Barclays Agg Bond 8.4%	MSCI EmMkts 78.8%	Gold 29.3%	Gold 9.6%	REITs 19.6%	Russell 2000 38.9%	REITs 28.1%	REITs 2.8%	S&P 400 8.2%
Gold 17.8%	MSCI EmMkts 32.6%	Gold 30.5%	Gold 4.9%	S&P 400 37.5%	REITs 27.8%	Barclays Agg Bond 7.9%	MSCI EmMkts 18.6%	S&P 400 33.6%	S&P 500 13.7%	Mkt Neut HFs 1.7%	Gold 7.5%
B'berg Commod 17.6%	MSCI EAFE 27.4%	MSCI EAFE 11.9%	Russell 2000 -33.8%	MSCI EAFE 32.8%	Russell 2000 26.9%	REITs 7.6%	MSCI EAFE 18.1%	S&P 500 32.5%	S&P 400 9.8%	S&P 500 1.4%	REITs 7.4%
MSCI EAFE 14.4%	Gold 22.5%	B'berg Commod 11.1%	S&P 400 -36.2%	REITs 28.6%	S&P 400 26.7%	Mkt Neut HFs 4.5%	S&P 400 17.8%	MSCI EAFE 23.6%	Barclays Agg Bond 6.0%	Barclays Agg Bond 0.4%	S&P 500 7.3%
S&P 400 12.6%	Russell 2000 18.4%	Mkt Neut HFs 9.3%	B'berg Commod -36.6%	Russell 2000 27.2%	MSCI EmMkts 19.3%	S&P 500 2.1%	Russell 2000 16.4%	Mkt Neut HFs 9.3%	Russell 2000 4.9%	MSCI EAFE -0.2%	Russell 2000 6.8%
REITs 12.0%	S&P 500 15.8%	S&P 400 8.0%	S&P 500 -37.0%	S&P 500 26.5%	B'berg Commod 16.7%	S&P 400 -1.7%	S&P 500 16.0%	REITs 2.7%	Mkt Neut HFs -1.2%	S&P 400 -2.2%	Barclays Agg Bond 4.5%
Mkt Neut HFs 6.1%	Mkt Neut HFs 11.2%	Barclays Agg Bond 7.0%	REITs -37.6%	Gold 24.0%	S&P 500 15.1%	Russell 2000 -4.2%	Gold 6.6%	Barclays Agg Bond -2.1%	MSCI EmMkts -2.0%	Russell 2000 -4.4%	MSCI EmMkts 3.9%
S&P 500 4.9%	S&P 400 10.3%	S&P 500 5.6%	Mkt Neut HFs -40.3%	B'berg Commod 18.8%	MSCI EAFE 8.5%	MSCI EAFE -11.6%	Barclays Agg Bond 3.9%	MSCI EmMkts -2.3%	Gold -2.2%	Gold -10.7%	MSCI EAFE 3.7%
Russell 2000 4.5%	Barclays Agg Bond 4.3%	Russell 2000 -1.6%	MSCI EAFE -42.9%	Mkt Neut HFs 4.1%	Barclays Agg Bond 6.3%	B'berg Commod -13.4%	Mkt Neut HFs 0.9%	B'berg Commod -9.6%	MSCI EAFE -4.3%	MSCI EmMkts -14.8%	Mkt Neut HFs -1.4%
Barclays Agg Bond 2.4%	B'berg Commod -2.7%	REITs -15.6%	MSCI EmMkts -53.2%	Barclays Agg Bond 3.6%	Mkt Neut HFs -0.1%	MSCI EmMkts -18.2%	B'berg Commod -1.1%	Gold -28.3%	B'berg Commod -17.1%	B'berg Commod -24.8%	B'berg Commod -7.5%

Source: Oppenheimer &Co., Inc. Investment Strategy, Bloomberg's total returns calculator, Standard and Poor's, Credit Suisse, Barclays, MSCI, Bloomberg, and NAREIT.

3 Adding gold to a portfolio improves risk adjusted returns

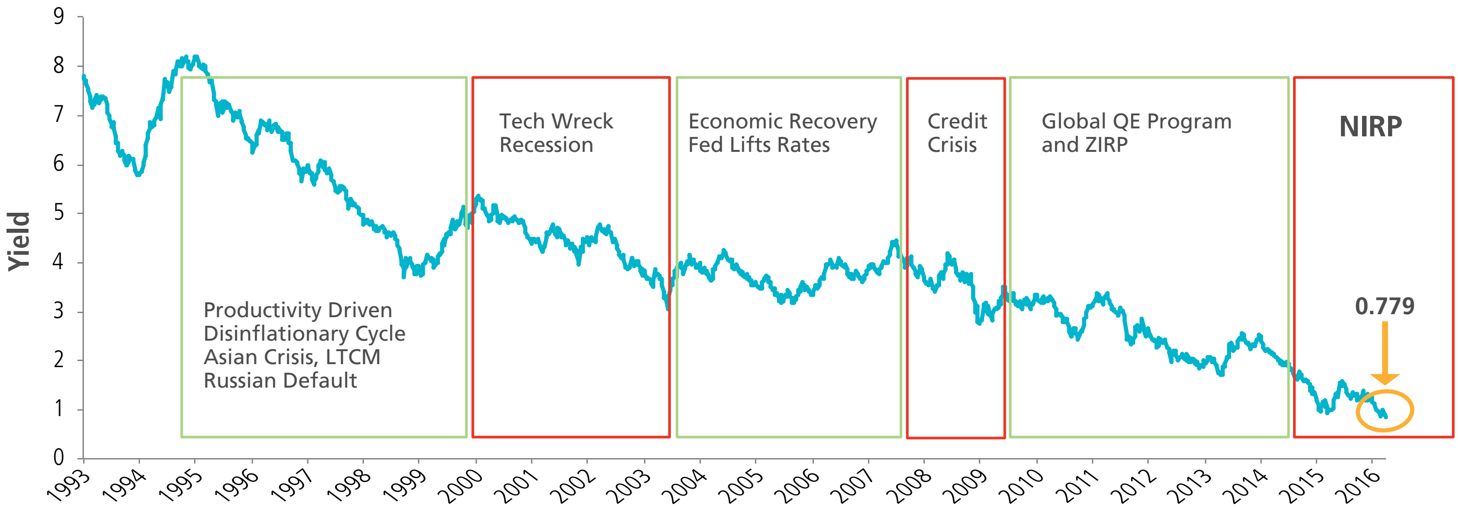


Source: Bloomberg, World Gold Council, Time frame: 12/31/1974 – 12/31/2015. BAML = Bank Of America Merrill Lynch. For Illustrative purposes only.

8 FACTORS THAT ARE DRIVING GOLD EQUITIES

4 The opportunity cost of gold vs government bonds is now near zero, and likely to fall

AVERAGE G7 10-YEAR YIELDS IN SECULAR DECLINE
33% of global bonds now offer **negative yield**



Source: Bloomberg.

5 The recent rally has the hallmarks of a trend…

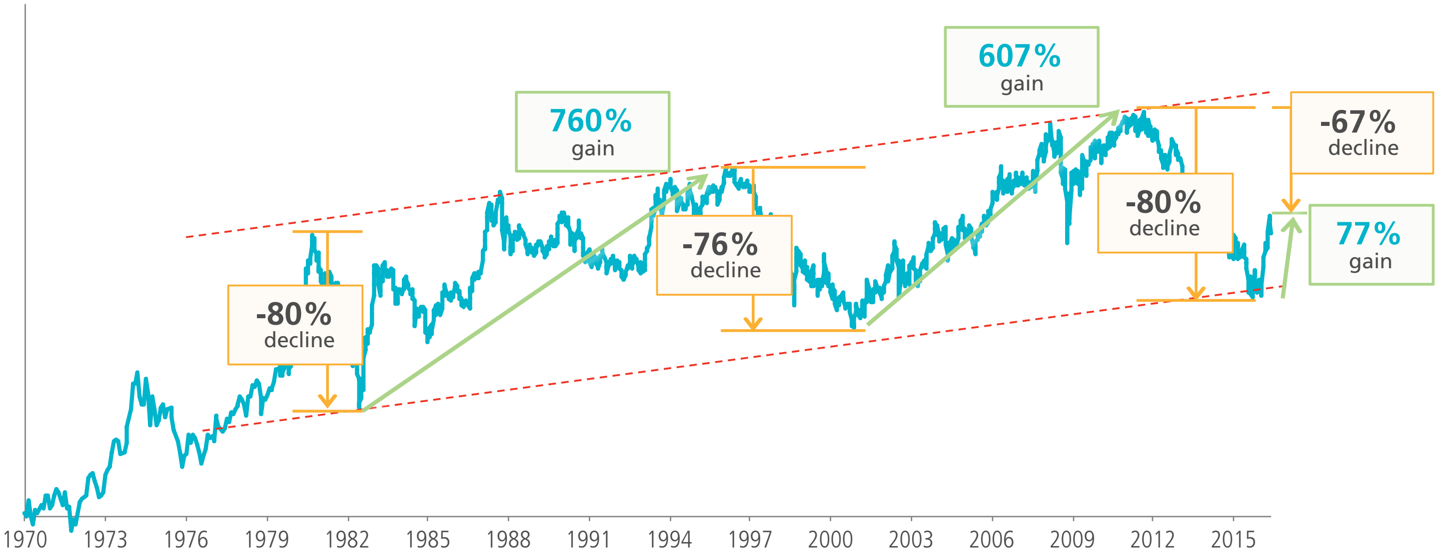


Chart represents S&P/TSX Global Gold Index in $USD. Source: Bloomberg. As at May 29, 2016.

Current bear market has matched historical bear market precedents in both duration and magnitude and is bouncing off bottom of +35 year channel.

6 …supported by the historical recovery patterns of precious metal equities

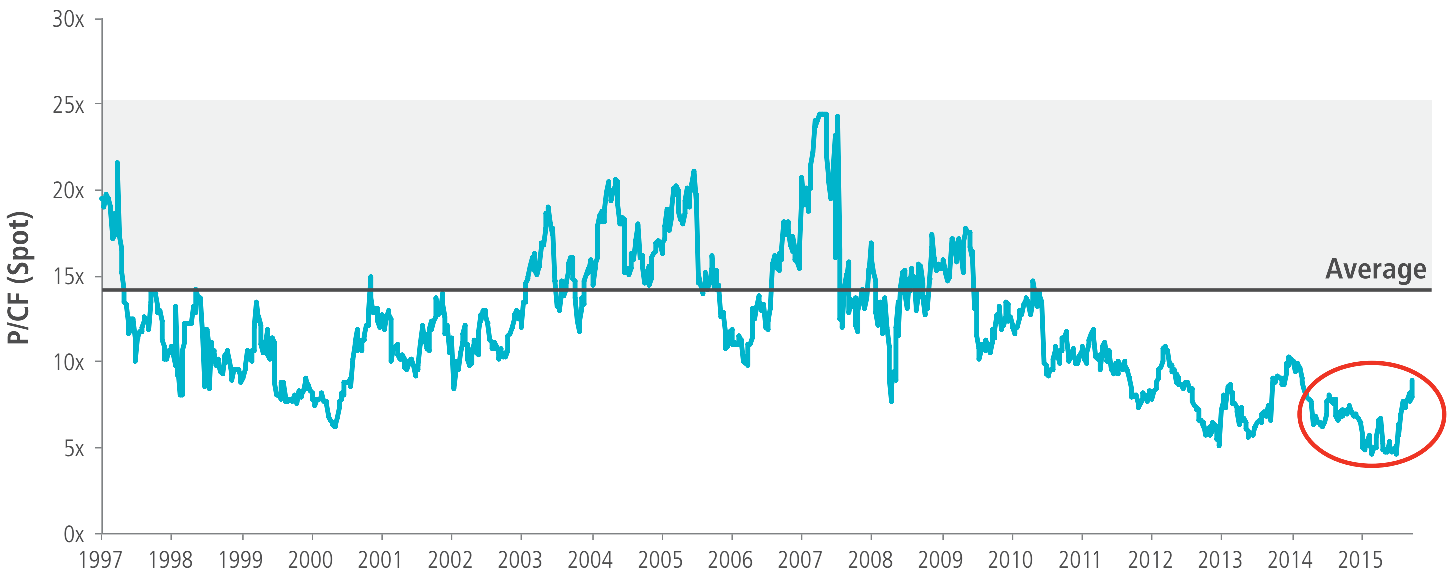
AVERAGE RETURNS FOLLOWING SEVEN MAJOR BEAR MARKETS

Average of 7 Rallies	
3 Month	39%
6 Month	65%
9 Month	81%
12 Month	92%
24 Month	117%

Source: Bloomberg.

7 Senior producer valuations are very attractive…

PRICE TO CASH FLOW MULTIPLES FOR SENIOR PRODUCERS

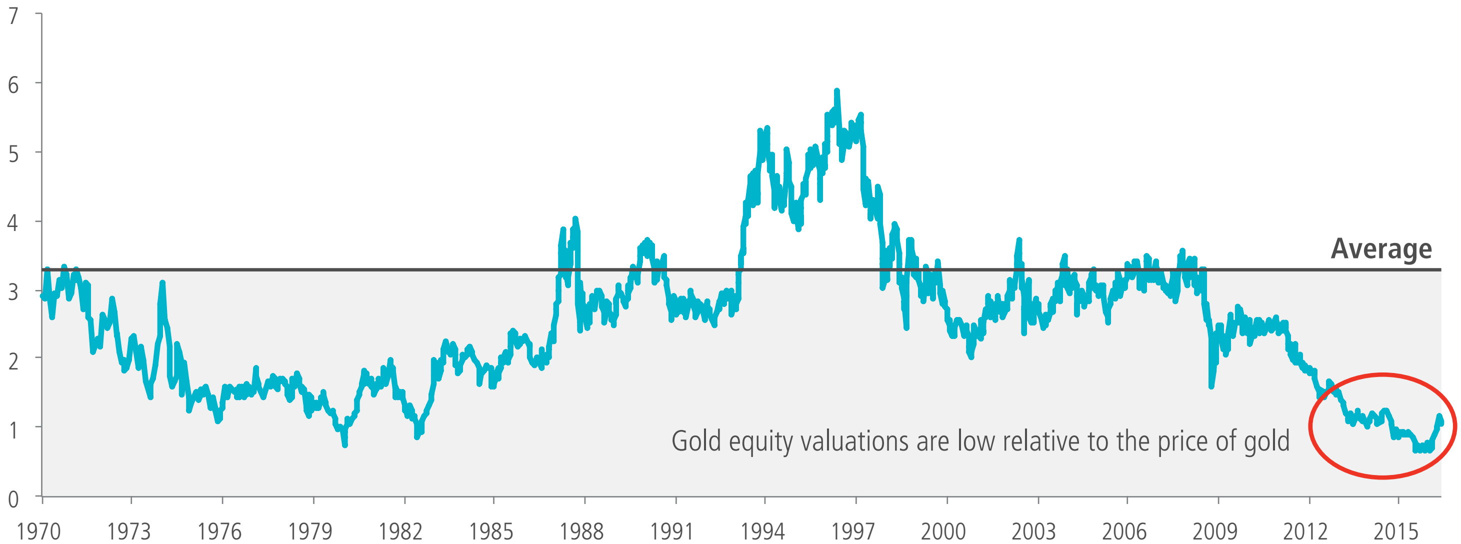


Source: BMO Capital Markets, Bloomberg, as at April 8, 2016.

Producers have "right-sized" their businesses, but investor caution has resulted in Price-to-Cash Flow ratios that are at multi-year lows.

8 …and gold equities, which have historically outperformed gold bullion in gold bull markets, are at less than half their average, historical equity-to-bullion ratio

LONG TERM GOLD EQUITY TO GOLD BULLION RATIO
NYSE ARCA Gold Bugs Index (HUI) to Gold Ratio



Source: Bloomberg, as at May 29, 2016.

Summary

From where we sit, at this point in the rally, gold equities are worth considering because:

- Over the last 10 years gold bullion has performed well in absolute and relative terms.
- The opportunity cost of investing in a non-income producing asset class has fallen to below zero.
- The current gold bull market – driven by a global push to a negative interest rate policy, currency volatility, and a high level of cross-asset class correlation – has all the hallmarks of being in the early stages.
- Senior producer valuations are very attractive because gold companies have reduced their operating costs and capital expenditures, while gold equity valuations are low relative to the price of gold – not typical in a gold bull market.
- Gold remains a strong, non-correlated diversifier for traditional asset classes.

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FORWARD-LOOKING STATEMENTS

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