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Capital Ideas Media contributor *Fabrice Taylor* attended **Athabasca Minerals'** (**TSXV:ABM**) annual general meeting on Monday and came away "feeling very bullish about the prospects of this company."

Fabrice updated his high-net worth President's Club Investment Letter subscribers on ABM, and now **Capital Ideas** subscribers get a crack at **Taylor's** comments, which we summarize below in the *Stocks That May Move* section.

Gold is pulling back as we suspected it might after breaking out to six-year highs.

The new [Capital Ideas Digest](#) presents the case there is opportunity in gold, gold stocks and ETFs.

Just ask smart money billionaire *Paul Tudor Jones* who says gold is his favourite trade for the next year or two.

Check out this special issue.

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Morning Need to Know

Getting you ready for your investing day

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Capital Ideas Media



CANADIAN ANALYSTS' CALLS

INITIATIONS

Spark Power Group (TSX:SPG). Desjardins Securities starts coverage with a "buy" rating and a price target of \$3 (Canadian), which gives the shares a 12-month projected return of 76%.

The Yield Growth Corp (CSE:BOSS).

Fundamental Research begins coverage with a "buy" and a target of \$0.55, saying the company is *"is well positioned to stake out a claim in the enormous global wellness industry."*

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WSP Global (TSX:WSP). Raymond James raises the target to \$86 from \$80 and reiterates it as a "Best Pick for 2019".

Centerra Gold (TSX:CG). RBC upgrades to "sector perform" and raises the price target to \$9.50 from \$7.

Eldorado Gold (TSX:ELD;NYSE:EGO).

J.P. Morgan upgrades to "neutral" from underperform.



U.S. ANALYSTS' CALLS

INITIATIONS

Slack (NYSE:WORK). Baird starts coverage of the newly public company with an "outperform" and a target of \$44 (U.S.).

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Alteryx (NYSE:AYX). Cowen & Co. raises the target to \$137 from \$112.

STOCKS THAT MAY MOVE

Athabasca Minerals (TSXV:ABM).

by Fabrice Taylor

A group of large shareholders (including yours truly) had earlier **demanding more ownership by the board**, in particular two directors who owned no stock.

Neither bought any, and one of them resigned Friday when it was clear the votes showed that he'd lost the support of the owners.

The other has committed to **buying significant stock in the next 90 days**. The board also changed its compensation policy for directors whose fees will now be paid in shares until they own at least a year's worth of fees in stock.

Some directors and management, including the chairman and CEO, also committed to **buying more stock through the exercise of warrants and options**.

These are obviously positive developments and to have big shareholders remind the board who owns the company should be comforting.

I believe we are blessed to have this team of directors and management. They are outstanding, particularly for a small company.

There was also some talk of funding the Aggregates Marketing platform at the subsidiary level with the possible aim of partially spinning it off into a listed entity that Athabasca Minerals' would continue to control and own a large piece of.

Again, large shareholders are in favour of this, because we believe Aggregates Marketing would trade at a good price and potentially have a bigger market cap than the parent company currently does, which of course would pull the ABM stock price higher.

It's quite possible, if not probable, that shares would be dividended out to ABM shareholders should the board decide to follow through.

On the financing front it appears ABM is making good progress. Details were scant but it seems there are two interested parties well into due diligence and negotiations.

We may hear before summer is over, we were told. That will be an exciting piece of news if it transpires.

We also got an update on the lawsuit, and it's clear that both sides want a friendly solution. ABM has offered to give Syncrude gravel that is part of the Susan Lake deposit but sits on or near Syncrude land.

Syncrude likes the idea but wants to make sure the deal doesn't include any reclamation liability. There is an October court date and both sides would have to go through discovery if no resolution is reached before.

No one wants to go into discovery, especially at Syncrude, and lawsuits are often settled just before parties have to go through this grilling process, so we think **October is the latest the suit is settled**, and likely earlier.

That, in our view, **will move the stock** as many investors simply won't buy shares of companies that are the subject of litigation, no matter how frivolous.

The big news we're all awaiting is the NI 43-101 report on the Duvernay frac sand deposit. Management has a draft and seemed very cheerful when discussing it, so that may be very good news once released.

That should happen within a month. **That too could move the stock price.**

All in all we came away from the meeting **feeling**

very bullish about the prospects of this company.

We feel the **risk/reward dynamic is very attractive** because we believe the current market cap reflects only the gravel business and offers next to nothing for frac sand or aggregates marketing.

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The Flowr Corp (TSXV:FLWR) is raising \$125 million (Canadian) through underwriters led by Barclays, BMO Capital Markets and Credit Suisse, which have the option to increase the size of the offering by 15%. The company will use some of the proceeds to help finance its purchase of Holigen Holdings.

Blackberry (TSX:BB;NASDAQ:BBRY) beat quarterly revenue estimates, had a narrower net loss of \$34 million versus \$60 million last year, and had an adjusted profit of a penny a share.

FedEx (NYSE:FDX) beat estimates with its quarterly earnings, which fell from last year, and the company warned:

"Our fiscal 2020 performance is being negatively affected by continued weakness in global trade and industrial production, especially at FedEx Express."

Tesla (NASDAQ:TSLA). There are reports the company's VP of production has quit.

MARKETS

TSX and U.S. stock futures are higher as U.S. Treasury Secretary Steve Mnuchin said ahead of the G20 summit this weekend that past U.S. and China trade negotiations were *"90 per cent of the way there"*.

CURRENCIES

The Canadian dollar is up slightly to \$0.7599 (U.S.).

COMMODITIES

West Texas Intermediate is up 1.9% to \$58.94 a barrel after the American Petroleum Institute said weekly inventories fell 7.5 million barrels, three times the estimate.

Gold's unwinding of some of its rapid gains continues with the price down 0.3% an ounce at \$1,414.40.

Todd "Bubba" Horwitz writes for Kitco.com this morning:

"...We expect this selling pressure to continue, as the rally was too far and too fast. To be clear, \$1,500 is in play and we are looking for higher prices; however, lower should be first and healthier for the

next up move. Wait for \$1,380–\$1,390 to start to buy.

Please email questions, comments or concerns to: customercare@capitalideasresearch.com

Access, ideas and insight.

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