

Corvus Gold Inc. (KOR-CN)
Rating: Buy

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**Multiple Drill Targets at Mother Lode Remain Open;
 Increased Commodity Price Deck; Reiterate Buy; PT Higher**

Stock Data		07/10/2020	
Price		C\$3.26	
Exchange		TSX	
Price Target		C\$7.40	
52-Week High		C\$3.55	
52-Week Low		C\$0.99	
Enterprise Value (M)		C\$385	
Market Cap (M)		C\$404	
Shares Outstanding (M)		124.0	
3 Month Avg Volume		188,043	
Short Interest (M)		0.34	
Balance Sheet Metrics			
Cash (M)		C\$19.63	
Total Debt (M)		C\$0.00	
Total Cash/Share		C\$0.16	
<i>Total Cash/Share: Based on common share count of 124.0M</i>			
EPS (C\$) Diluted			
Full Year - May	2019A	2020E	2021E
FY	C\$(0.10)	C\$(0.11)	C\$(0.09)
Revenue (C\$M)			
Full Year - May	2019A	2020E	2021E
FY	0.0	0.0	0.0



Multi-target opportunity. Corvus' Mother Lode project in Nevada continues to display extensive gold bearing characteristics through various property-wide targets. We highlight that the company recently identified its 'North Target', which represents a northward expansion of a high-grade, intrusive related sulfide zone, that exists along a prominent unconformity. Additionally, Corvus management is focused on targeting the down dropped half of its previously defined Mother Lode deposit.

Central Intrusive Zone yields incremental potential. We also note the newly discovered Central Intrusive Zone (CIZ) target, which is characterized by a large intrusion related oxide zone with strong gold mineralization. In short, the CIZ is located below the Main Mother Lode deposit, and offers strong grades over continuous intervals. These three targets continue to provide meaningful exploration potential at site and simultaneously exhibit the high-grade characteristics of the overall district geology at site. We direct readers to our May 14, 2020, note titled "*Initial Deep Diamond Drill Hole Discovers New Mineralized Zone at Mother Lode; Follow-Up Work Planned; Reiterate Buy*" for more details on the CIZ.

Increased commodity price deck to move our price outlook more in line with current market conditions. We feel macroeconomic improvements related to precious metals are increasingly evident in the market. In turn, we are raising our long-term gold price forecast to \$1,700/oz from \$1,575/oz. In addition, we are concurrently raising our silver price estimate to \$18.00/oz from \$17.50/oz. We highlight that this revised price deck remains slightly below current gold and silver spot prices of about 1,800/oz and \$18.70/oz, respectively, as we acknowledge the possibility for short- and mid-term metal price fluctuations. Future pricing changes could also be attributable to continued uncertainty surrounding the ongoing COVID-19 pandemic, various domestic and global quantitative easing initiatives, and ongoing near-zero or negative interest rates. Notably, the Federal Reserve currently plans to keep its benchmark federal funds rate within a range of 0.00 – 0.25% all the way through 2023. While we note a variety of potential headwinds to continued strength in pricing, including less fear related to COVID-19, we nonetheless believe that longer-term economic impact from the recent pandemic has paved the way for strong pricing in the future. We expect to apply our revised precious metal price deck to all relevant companies within our coverage universe to research reports that get published on July 10, 2020, or thereafter.

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We reiterate our Buy rating while increasing our PT on Corvus to C\$7.40 per share from C\$6.00 per share. Our increased PT is the result of applying our revised long-term gold and silver price deck to our Corvus model. Our valuation remains based on a combined DCF for the North Bullfrog and Mother Lode projects while utilizing an unchanged discount rate of 11.0%. This figure remains inline with similar projects in locations carrying equal geopolitical risk factors. We value the project at an NAV of C\$964.3M, or C\$7.07 per share. We then add C\$0.14 per share for cash and equivalents, and an additional C\$0.15 per share for Corvus' early-state exploratory assets. This yields a consolidated asset value of C\$1.0B, or C\$7.36 per share, which we round to our final PT of C\$7.40 per share. In short, Corvus remains an attractive takeover target, which is affirmed by ongoing exploration successes at Mother Lode amid strengthening metal prices.

Risks. Commodity price risk; operating and technical risk; financial risk; political risk.

NAV Estimates for North Bullfrog and Mother Lode	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Mother Lode and North Bullfrog Milled Tonnes ('000s)	-	-	-	-	-	2,394	2,993	3,292	3,622	3,984	3,984	3,984	3,984	3,984	673	
	<i>Note: Assumes minimal ramp-up production in 2023, followed by capacity expansion over 3 years from 2026-2028</i>															
Gold grade (g/t)	-	-	-	-	-	2.78	2.71	2.14	1.87	1.58	1.28	1.12	1.11	0.81	0.74	
Gold recovery	-	-	-	-	-	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	82.9%	
Gold production ('000s)	-	-	-	-	-	177	216	188	181	168	136	119	118	86	13	
Gold price	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	
Silver grade (g/t)	-	-	-	-	-	13.1	10.4	6.6	4.6	2.7	2.9	2.9	2.4	0.4	0.0	
Silver recovery	-	-	-	-	-	74.3%	74.3%	74.3%	74.3%	74.3%	74.3%	74.3%	74.3%	74.3%	74.3%	
Silver production ('000s)	-	-	-	-	-	749	746	518	395	253	276	277	226	33	-	
Silver price	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	
Gold:Silver ratio	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	
Gold equivalents from Silver	-	-	-	-	-	8	8	5	4	3	3	3	2	0	-	
Total Gold equivalents	-	-	-	-	-	185	224	193	185	170	139	122	120	86	13	
Mother Lode and North Bullfrog Heap Leach Tonnes ('000s)	-	-	-	-	8,000	13,231	31,033	34,269	29,177	28,561	32,220	29,035	37,072	1,783	-	
Gold grade (g/t)	-	-	-	-	0.19	0.33	0.27	0.24	0.24	0.20	0.23	0.21	0.19	0.17	-	
Gold recovery	-	-	-	-	73.8%	73.8%	73.8%	73.8%	73.8%	73.8%	73.8%	73.8%	73.8%	73.8%	73.8%	
Gold production	-	-	-	-	36	104	199	195	166	136	176	145	167	7	-	
Gold price	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	
Silver grade (g/t)	-	-	-	-	0.58	1.38	0.46	0.37	0.54	0.27	0.33	0.53	0.35	0.61	0.00	
Silver recovery	-	-	-	-	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Silver production	-	-	-	-	9	35	28	24	30	15	21	30	25	2	-	
Silver price	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	
Gold:Silver ratio	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	94.4	
Gold equivalents	-	-	-	-	0.09	0.37	0.29	0.26	0.32	0.16	0.22	0.31	0.27	0.02	0.00	
Total Gold equivalents	-	-	-	-	36	104	199	195	166	136	176	145	167	7	-	
Total Gold equivalents	-	-	-	-	36	289	423	389	351	306	315	267	288	94	13	
Total cash cost per ounce	-	-	-	-	680	680	680	680	680	680	680	680	680	680	680	
Gross profit	\$ -	\$ -	\$ -	\$ -	\$ 36,883	\$ 295,099	\$ 431,650	\$ 396,450	\$ 358,181	\$ 312,255	\$ 321,176	\$ 272,175	\$ 293,389	\$ 95,442	\$ 13,539	
CapEx	\$ -	\$ -	\$ -	\$ -	\$ (30,000)	\$ (423,500)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	
Royalty (Note: estimated <1% @ \$1,300 gold immaterial)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Tax ('000s)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (43,964)	\$ (75,986)	\$ (78,306)	\$ (65,565)	\$ (71,081)	\$ (19,615)	
Operating cash flow	\$ -	\$ -	\$ -	\$ -	\$ (30,000)	\$ (386,617)	\$ 275,099	\$ 411,650	\$ 376,450	\$ 294,218	\$ 216,268	\$ 222,870	\$ 186,609	\$ 202,308	\$ 55,827	
Discount rate	11.0%															
PV of operating cash flow	\$ -	\$ -	\$ -	\$ -	\$ (21,936)	\$ (254,676)	\$ 163,258	\$ 220,085	\$ 181,320	\$ 127,669	\$ 84,545	\$ 78,492	\$ 59,208	\$ 57,828	\$ 14,376	
	<i>(Note 1): Note: Taxes from 2024 to 2027 reduced by NOLs for CapEx</i>															
Total current cash flow	\$ 709,059	\$ 5.20	per share													
Cash & equivalents (USD)	\$ 14,436	\$ 0.11	per share; as of 2/29/20 C\$19.6M of cash converted into USD													
Debt	\$ -	\$ -	per share													
Exploratory assets (USD)	\$ 15,000	\$ 0.11	per share													
Total current value (USD)	\$ 738,494	\$ 5.42	per share													
Common shares	123,988	As of 4/6/20														
Options and other dilutive instruments	12,345	As of 2/29/20														
Fully diluted shares	136,333															
Total current cash flow (CAD)	\$ 964,320	\$ 7.07	per share													
Cash & equivalents (CAD)	\$ 19,632	\$ 0.14	per share; as of 2/29/20													
Exploratory assets (CAD)	\$ 20,400	\$ 0.15	per share													
Total current value (CAD)	\$ 1,004,352	\$ 7.36	per share													
Corvus NAV per share (CAD)	\$ 7.36	1.36 C\$/US\$ exchange rate as of 7/10/20														
Rounded (\$0.10) price target (CAD)	\$ 7.40															
TSE:KOR share price (CAD)	\$ 3.26	As of 7/10/20														
% discount to NAV	55.9%															

Source: H.C. Wainwright & Co. estimates.

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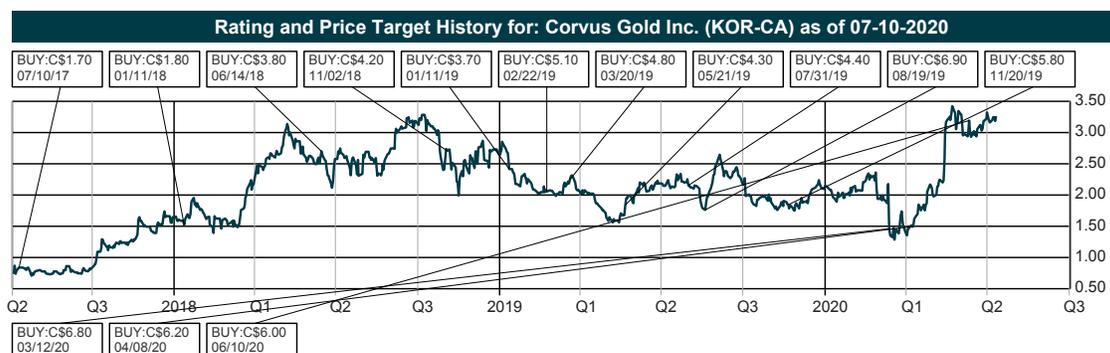
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			Count	Percent
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