

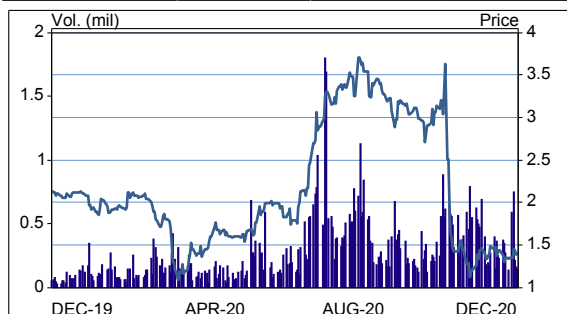
Fury Gold Mines Limited (FURY)
Rating: Buy

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**Creation of Fury Gold Mines; High-Grade Portfolio Within
World-Class Canadian Jurisdictions; Reiterate Buy; PT Lower**

Stock Data		12/04/2020	
Price		\$1.40	
Exchange		NYSE American	
Price Target		\$2.40	
52-Week High		\$3.94	
52-Week Low		\$1.05	
Enterprise Value (M)		\$141	
Market Cap (M)		\$165	
Shares Outstanding (M)		73.1	
3 Month Avg Volume		367,317	
Short Interest (M)		1.49	
Balance Sheet Metrics			
Cash (M)		\$23.7	
Total Debt (M)		\$0.0	
Total Cash/Share		\$0.32	
Cash (M): pro forma for C\$23M financing.			
EPS (C\$) Diluted			
Full Year - Dec	2019A	2020E	2021E
FY	C\$(0.15)	C\$(0.13)	C\$(0.14)



Creation of Fury Gold Mines. On October 9, 2020, Auryn Resources completed the acquisition of Eastmain Resources Inc. to create a new entity, Fury Gold Mines (FURY; Buy). In addition, Auryn spun out its Peruvian assets, including Sombrero and Curibaya, into two new companies and distributed shares to Auryn shareholders. We provide more details on the transaction in our July 31, 2020, note titled, *Acquisition of Eastmain Resources is expected to Create Three Separate Strategic Entities; Reiterate Buy*. Now that the transaction is complete, Fury has also received the net proceeds of a conditional C\$23M subscription financing. We highlight that Fury initially began trading on the NYSE American on Monday, October 12, 2020, and we transfer our coverage from Auryn to Fury based on the revised asset base of the company.

High-grade gold asset in mining friendly jurisdiction. Fury Gold's 100%-owned Eau Claire project is located within the Eeyou-Istchee/James Bay region of Québec. The property spans over 24,000 hectares and hosts one of five known deposits within the region. Notably, Eau Claire sits merely 57 kilometers (km) south of Newmont's (NEM; not rated) Eleonore Mine, which is one of the largest gold mines in the province, having produced roughly 246,000 attributable ounces (oz) of gold during FY19. Additionally, Fury maintains a series of exploration stage properties throughout the region, as seen in Exhibit 1 on page two of this report. Given the rich mining history within the area, Eau Claire directly benefits from existing road access with a nearby power source from Hydro Québec's (state-owned) EM-1 hydroelectric power facility located just 10km southwest. We highlight the matrix of power lines and infrastructure in Exhibit 1 on page 2 of this report, as well. In short, Eau Claire is situated in a world-class mining district, greatly decreasing operational risk, while promoting strong upside for project growth.

We maintain a Buy rating on Fury Gold while lowering our PT on the reorganized firm to \$2.40 per share from \$2.80 per share. In short, our reduced PT is the result of not including Auryn's Peruvian assets in Fury. The assets were recently spun out into separate entities, with plans to go public in FY21. This impact was partially offset by including a DCF valuation for the recently acquired Eau Claire project, as well as *in situ* ounces for the Eastmain Mine. Our valuation is now based on a DCF of operations for Eau Claire, utilizing a 13.5% discount rate. We believe this discount rate is inline with other early-stage peers in jurisdictions carrying similar geopolitical risk factors. We also add *in situ* ounces for the company's resources at Committee Bay, Homestake, and Eastmain Mine at a revised \$70/oz valuation (prior: \$75/oz). We further add \$15.0M for the company's non-core exploration assets before including its *pro forma* cash balance of \$23.7M to arrive at our overall NAV of \$309.5M. We then divide this by the fully diluted share count of 127.4M to achieve our rounded price target of \$2.40 per share.

Risks. (1) Commodity price risk; (2) operating and technical risk; (3) and financial risk.

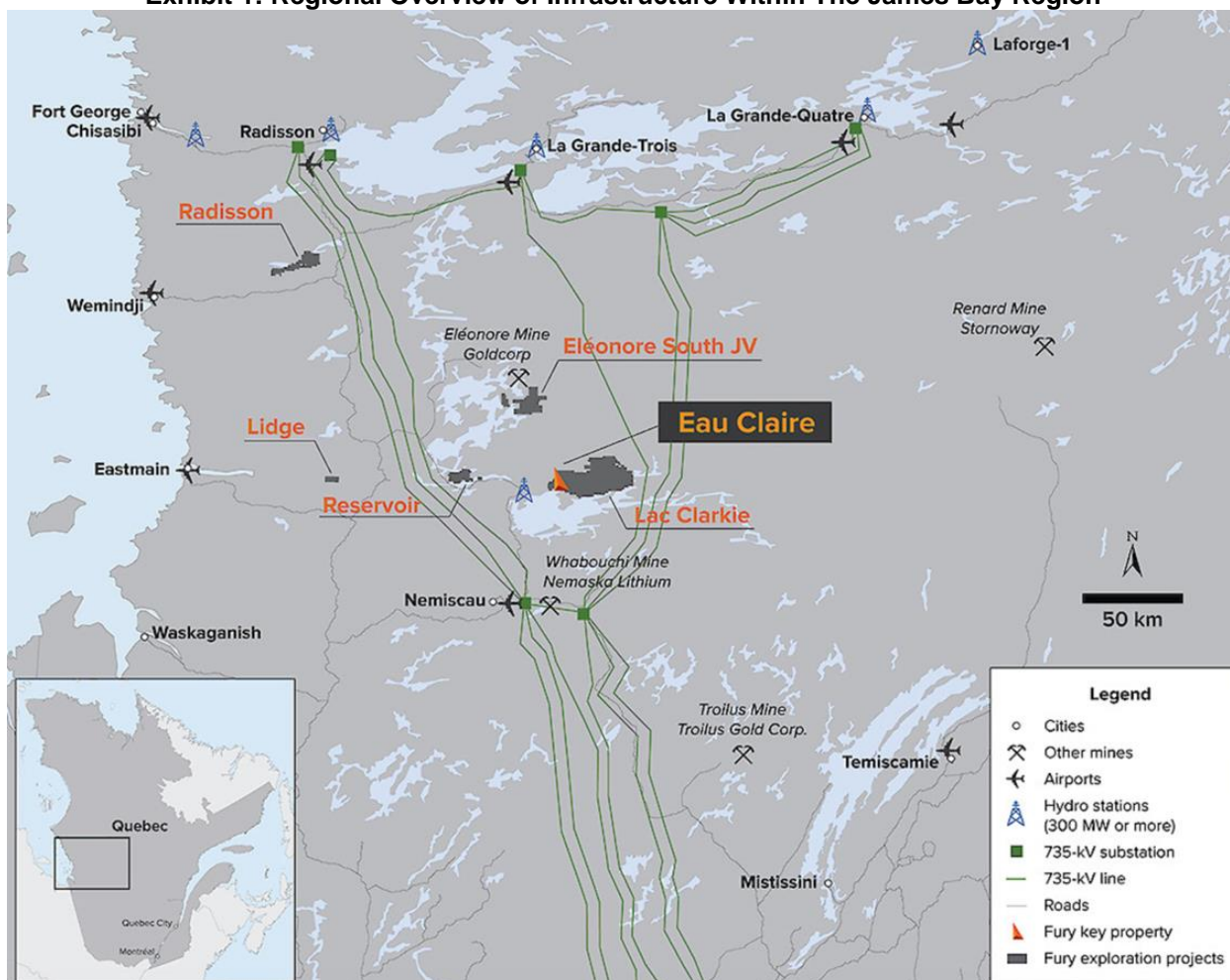


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Overview of the Eau Claire Project

Favorable geological setting amid guidance from novel geophysical data. The Eau Claire deposit is located within the La Grande volcano-plutonic rock units. Notably, this is the same area as the Roberto deposit of the Eleonore mine complex. Notably, gold mineralization at both sites is seen in quartz-carbonate veining as both orebodies experience strong structural controls on mineralization. In turn, greenstone-hosted gold deposits have been known to have strong potential at depth as mineralization at the Roberto deposit has been traced to roughly 1,400m. In addition to the down plunge potential at Eau Claire, we also note positive geophysical signatures overlapping primary and secondary structures, highlighting strong lateral potential for gold mineralization towards the east, which is discussed later in this report.

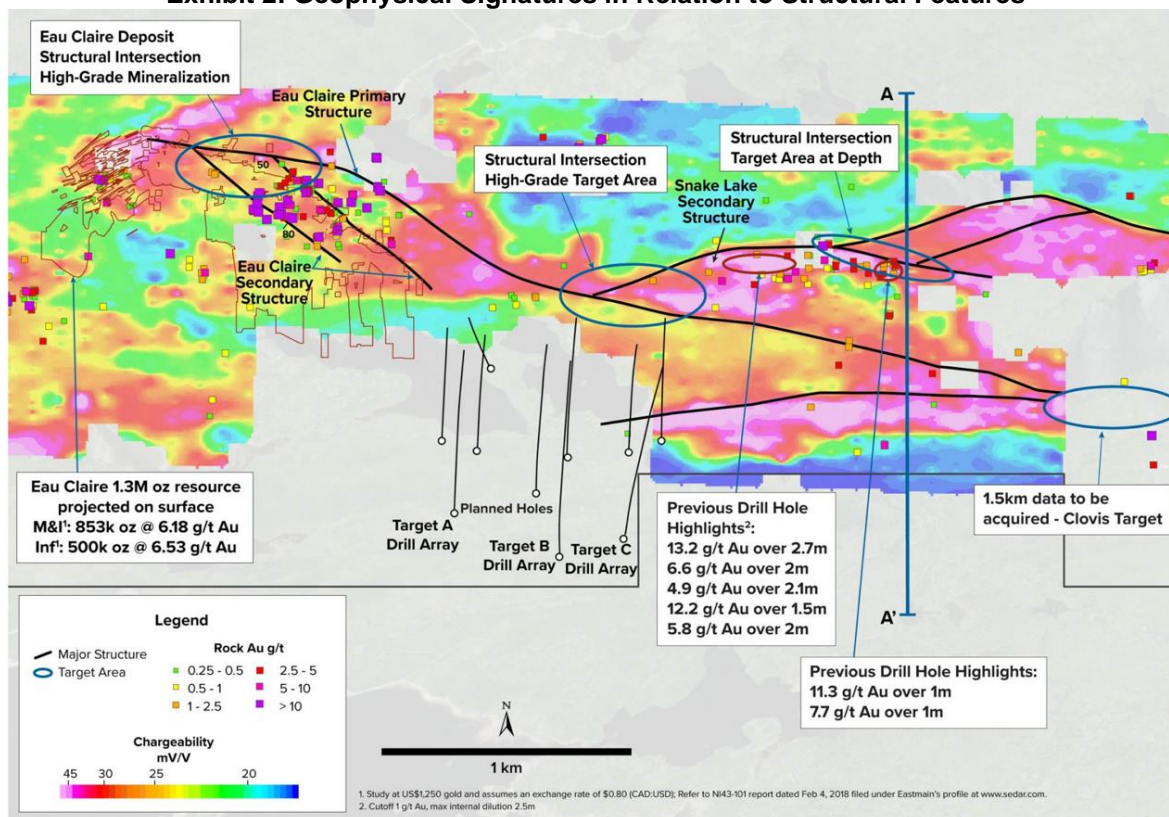
Exhibit 1: Regional Overview of Infrastructure Within The James Bay Region



Source: Fury Gold Mine's company website.

Structural controls at site. The structural controls at site can be seen in Exhibit 2 below, which emphasizes this phenomenon by the solid black lines. We also bring attention to the fact that prior operators of the Eau Claire project never conducted a comprehensive regional geophysical survey, which should ultimately provide Fury with a subsurface view into the behaviour of regional structures, and in turn, the tendencies of gold mineralization within these corridors. In short, both the lithological and structural settings of Eau Claire are increasingly accommodating for the enhancement of a mineable resource at site, which we believe Fury is well positioned to take advantage of given the extensive infill and step out drill program planned over the next 18 months.

Exhibit 2: Geophysical Signatures in Relation to Structural Features

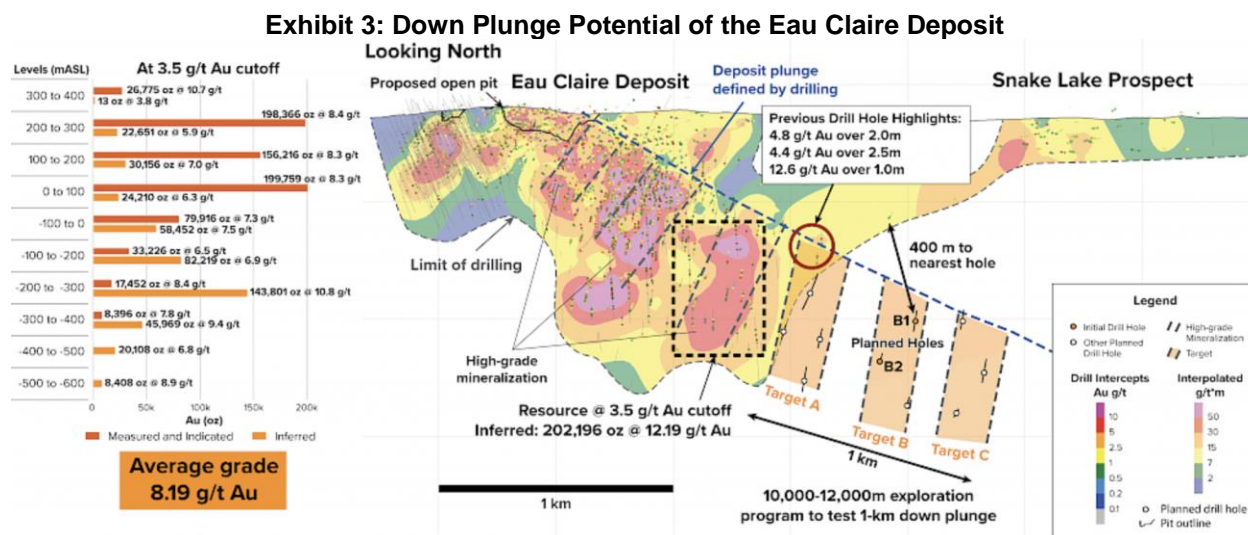


Source: Fury Gold Mine's December corporate presentation.

Robust gold resource with strong growth potential. Based on an NI 43-101 technical report published on February 4, 2018, Eau Claire maintains 1.2M tonnes (t) of open pit resources in the M&I category at 5.86 gpt gold. In addition, the deposit contains 3.1Mt of M&I material at 6.30 gpt gold between the 150m and 860m underground level utilizing the same FY18 resource estimate. On a consolidated basis, Eau Claire contains 853,000oz of gold at 6.18 gpt gold in the M&I category. Additionally, the deposit contains 500,000oz of gold at 6.53 gpt gold in the Inferred category. In short, given the regional setting of the Eau Claire deposit amid a tendency for greenstone-hosted orogenic precious metal deposits to extend at depth, we expect Fury to meaningfully augment this resource through deep, down plunge drilling.

Ongoing drilling appears to be quite promising

Commencement of step-out drilling at Eau Claire. On November 9, 2020, Fury Gold announced the commencement of its ongoing 50,000m drill program at Eau Claire. In short, this phase of diamond drilling aims to test a 1,000m down plunge extension of the Eau Claire deposit, as highlighted by targets A, B, and C, in Exhibit 3 below, with about 12,000m allocated to extension drilling.



Source: Fury Gold Mine's company website.

Current drilling remains encouraging. As of November 25, 2020, the campaign has advanced to drilling hole three as the first two holes remain encouraging. In short, we believe that Fury should meaningfully improve upon Eau Claire's current resource estimate given the robust nature of orogenic deposits within the region.

Prior PEA Displays Strength Even Utilizing Low Gold Prices

Strong FY18 PEA results despite conservative gold estimates. Based on a FY18 preliminary economic assessment (PEA), the Eau Claire project boasts an after-tax NPV of C\$260M. We note that the study is utilizing a 5% discount rate and a conservative \$1,250/oz gold price. In comparison, when applying a \$1,500/oz gold price, this yields an after-tax NPV of C\$397M, illustrating the projects strong leverage to higher gold prices. Additionally, the PEA estimates a modest initial capital expenditure of only C\$175M, as well as C\$108M in sustaining capital over an estimated 12 year life of mine (LOM). This LOM estimate accommodates an annual production rate of 79,000oz of gold for total production of 951,000oz of gold. We direct readers to our sensitivity analysis in Exhibit 4 on the following page to see the impact on the project based on changes in the price of gold and the discount rate.

Exhibit 4: Sensitivity Analysis for the Eau Claire Deposit (value per share of Fury)

	15.0%	14.5%	14.0%	13.5%	13.0%	12.5%	12.0%
\$ 1,600	\$ 0.22	\$ 0.24	\$ 0.26	\$ 0.29	\$ 0.31	\$ 0.34	\$ 0.37
\$ 1,700	\$ 0.31	\$ 0.34	\$ 0.37	\$ 0.39	\$ 0.43	\$ 0.46	\$ 0.49
\$ 1,800	\$ 0.41	\$ 0.44	\$ 0.47	\$ 0.50	\$ 0.54	\$ 0.58	\$ 0.62
\$ 1,900	\$ 0.50	\$ 0.54	\$ 0.57	\$ 0.61	\$ 0.65	\$ 0.70	\$ 0.74
\$ 2,000	\$ 0.60	\$ 0.63	\$ 0.67	\$ 0.72	\$ 0.76	\$ 0.81	\$ 0.86
\$ 2,100	\$ 0.69	\$ 0.73	\$ 0.78	\$ 0.83	\$ 0.88	\$ 0.93	\$ 0.99
\$ 2,200	\$ 0.78	\$ 0.83	\$ 0.88	\$ 0.93	\$ 0.99	\$ 1.05	\$ 1.11

Source: H.C. Wainwright estimates

Grades are favorable. We emphasize Eau Claire's open-pit average diluted grade of 3.78 grams per tonne (gpt) gold (0.50 gpt cut-off), which increases to 5.24 gpt gold (2.50 gpt cut-off) as the mine enters its underground phase. Notably, upon raising the underground resource cut-off grade to 3.50 gpt gold, the project's average grade meaningfully grows to 8.19 gpt gold as Measured & Indicated (M&I) material only drops by 16%, with Inferred resources falling 14%. While higher current gold prices and possible cut-off grade adjustments have already added value to Eau Claire, we believe limited drilling at depth from the previous operator should serve as the most significant growth catalyst at site, as Fury looks to capitalize on the expansive nature of an orogenic-style gold deposit.

Reorganization Yields Clarity of Goals

Reorganization provides clarity and focus. In short, we believe the acquisition of Eastmain Resources, amid the subsequent reorganization to create Fury Gold Mines, should allow Fury to better focus on advancing and exploring its Canadian-based assets. This strategy also allowed early Auryn shareholders to unlock value for ownership in its Peruvian assets through the two spinco's. Going forward, we anticipate Fury to add ounces to its mineral resource estimate for Eau Claire amid potential regional discoveries as it advances toward its goal for 80,000m of drilling across its three main assets over the next 18 months.

Valuation

We maintain a Buy rating on Fury Gold while lowering our PT on the reorganized firm (excluding its Peruvian assets) to \$2.40 per share for the reorganized company from \$2.80 per share. In short, our reduced PT is the result of not including Auryn's Peruvian assets in Fury. The assets were recently spun out into separate entities, which plan to go public in FY21. This impact was partially offset by including a DCF valuation for the recently acquired Eau Claire project, as well as in situ ounces for the Eastmain Mine. Our valuation is now based on a DCF of operations for Eau Claire, utilizing a 13.5% discount rate. We believe this discount rate is inline with other early-stage peers in jurisdictions carrying similar geopolitical risk factors. We also add in situ ounces for the company's resources at Committee Bay, Homestake, and Eastmain Mine at a revised \$70/oz valuation (prior: \$75/oz). We further add \$15.0M for the company's non-core exploration assets before including its pro forma cash balance of \$23.7M to arrive at our overall NAV of \$309.5M. We then divide this by the fully diluted share count of 127.4M to achieve our rounded price target of \$2.40 per share.

Risk Factors

Risks. (1) Commodity price risk; (2) operating and technical risk; (3) and financial risk.

Fury Gold Mines (FURY)

Figures below in 000's of U.S. dollars unless noted

Eau Claire	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E
Tonnes Processed (000's)	-	-	-	-	-	-	500	525	525	525	525	525	525	525	525	525	525	525
Gold grade (gpt)	-	-	-	-	-	-	5.2	4.0	4.0	4.5	5.5	5.5	4.5	4.5	6.0	6.0	3.5	2.5
Gold Recovery	-	-	-	-	-	-	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%
Annual gold production (000's oz)	-	-	-	-	-	-	74.4	60.1	60.1	67.6	82.6	82.6	67.6	67.6	90.1	90.1	52.6	37.6
% growth								-19.2%	0.0%	12.5%	22.2%	0.0%	-18.2%	0.0%	33.3%	0.0%	-41.7%	-28.6%
Gold sales price	\$	1,900	\$	1,900	\$	1,900	\$	1,900	\$	1,900	\$	1,900	\$	1,900	\$	1,900	\$	1,900
Total Revenue	-	-	-	-	-	-	\$ 141,359	\$ 114,175	\$ 114,175	\$ 128,446	\$ 156,990	\$ 156,990	\$ 128,446	\$ 128,446	\$ 171,262	\$ 171,262	\$ 99,903	\$ 71,359
Total Cash Cost Per Tonne Processed	-	-	-	-	-	-	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95
Total Cash Cost	-	-	-	-	-	-	\$ 47,500	\$ 49,875	\$ 49,875	\$ 49,875	\$ 49,875	\$ 49,875	\$ 49,875	\$ 49,875	\$ 49,875	\$ 49,875	\$ 49,875	\$ 49,875
Gross Profit	-	-	-	-	-	-	\$ 93,859	\$ 64,300	\$ 64,300	\$ 78,571	\$ 107,115	\$ 107,115	\$ 78,571	\$ 78,571	\$ 121,387	\$ 121,387	\$ 50,028	\$ 21,484
CapEx (in 000's)	-	-	-	-	(90,000)	(90,000)	\$ (1,000)	\$ (15,000)	\$ (18,000)	\$ (18,000)	\$ (12,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (7,000)	\$ (4,500)	\$ (500)
(Tax) / Tax Benefit	36.0%	-	-	-	32,400	32,400	(33,429)	(17,748)	(16,668)	(21,806)	(34,241)	(34,961)	(24,686)	(24,686)	(40,099)	(41,179)	(16,390)	(7,554)
Note 1: \$48M in tax losses accumulated by Eastmain																		
Operating cash flow	\$	-	\$	-	\$	-	\$ (57,600)	\$ (57,600)	\$ 59,430	\$ 31,552	\$ 29,632	\$ 38,766	\$ 60,874	\$ 62,154	\$ 43,886	\$ 43,886	\$ 71,288	\$ 73,208
Cash flow discount rate	13.5%																	
PV of operating cash flow	\$	-	\$	-	\$	-	\$ (34,709)	\$ (30,580)	\$ 27,799	\$ 13,003	\$ 10,759	\$ 12,402	\$ 17,158	\$ 15,435	\$ 9,602	\$ 8,460	\$ 12,108	\$ 10,955
Total Project NAV	\$	77,795																
Fully diluted shares		127,448																
Project NAV per share	\$	0.61																
Value for Committee Bay, Homestake, and Eastmain Mine	\$	202,990	valued at ~\$70 per oz (in line with current peer average multiple)															
Plus other exploration assets	\$	5,000	Includes Gibson MacQuoid and Eleonore South Joint Venture															
Plus cash & equivalents	\$	23,719	as of 9/30/20; pro forma for CS23M financing															
Less debt	\$	-																
Total current value	\$	309,504	<div>1.29 CS/US\$ exchange rate as of 12/4/20</div>															
Common shares		117,824	as of 11/5/20															
Options & Warrants		9,624	as of 11/5/20															
Fully diluted shares		127,448	as of 11/5/20															
Fury Gold (FURY) Share price	\$	1.41	per share		as of 12/4/20													
Fury Gold (FURY) Net Asset Value	\$	2.43	per share															
Rounded (\$0.10) price target	\$	2.40	per share		41.3% discount to price target													
Source: H.C. Wainwright & Co. estimates.																		

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Distribution of Ratings Table as of December 4, 2020				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	412	88.22%	165	40.05%
Neutral	37	7.92%	7	18.92%
Sell	0	0.00%	0	0.00%
Under Review	18	3.85%	7	38.89%

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