

Fury Gold Mines Canada Inc. (FURY-T)

New Canadian-focused Explorer/Developer

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Fury Gold was created through the merger of the Canadian assets of Auryn Resource with Eastmain Resources. The company has 2 projects with completed PEAs (fig4) – **Homestake Ridge** (BC) and **Eau Claire** (Quebec), as well as other gold exploration projects in Nunavut and Quebec.

Eau Claire Exploration Plans: a 50,000-metre drill programme is expected to begin in a few weeks, with initial drilling focused on infill work, while more aggressive step out drilling is expected to begin later in November when a second drill is added.

2021 Exploration: in addition to continuing activity at Eau Claire, drill programmes for both Homestake Ridge (BC) and Committee Bay (Nunavut) are planned. The company expects to provide further detail later this year on the plans and targets to be tested in BC/Nunavut. The company recently completed a \$23 million equity financing to fund 2020/2021 exploration plans.

Valuation Review: while two of Fury's projects have initial economic studies completed on them, we still believe there is potential for significant changes to what the mining operations could look like at both sites. As a result, we are employing an **Adjusted Market Capitalization per Total Resource Ounce** valuation basis for Fury Gold shares, which generates our \$5.00 target and BUY rating for FURY shares.

Auryn is now Fury

BUY (was Spec. BUY) \$5.00 (new)

Recent/Closing Price	\$2.15
12-month Target Price	\$5.00
Potential Return	133%
Dividend Yield	0.0%

52 Week Price Range	Low	High
	\$1.48	\$5.25

	Annual Estimates			
(C\$MM, except per unit)	FY19	FY20e	FY21e	FY22e
Revenue	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	-\$13.9	-\$13.5	-\$13.5	-\$13.5
Shares O/S (wgt avg)	94	110	120	135
EPS (operating)	-\$0.11	-\$0.10	-\$0.10	-\$0.09
CFPS	-\$0.11	-\$0.10	-\$0.10	-\$0.09

Valuation				
P/E	neg.	neg.	neg.	neg.
P/CF	neg.	neg.	neg.	neg.
NAV	-	-	-	-
P/NAV	-	-	-	-

Financials	
Shares Outstanding	117.8 million
Mgt/Insiders	0%
	(C\$MM)
Market Cap	\$253.3
LT Debt (corporate)	\$0.0
Working Capital	\$23.0
Enterprise Value	\$230.3
Fiscal Year End	December 31

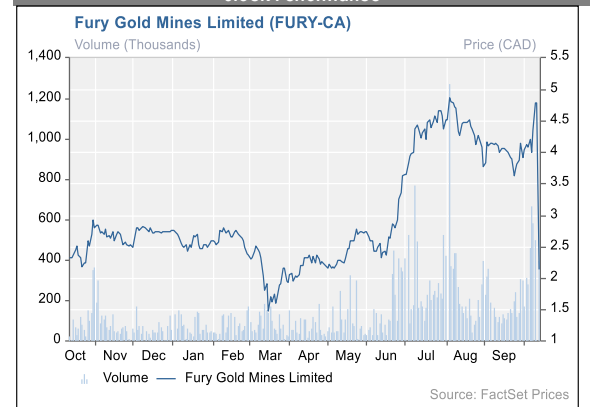
Reserves / Resources		
2P Reserves	-	
M+I Resources	1.52	MMoz
Total Resources (M+I)	3.56	MMoz

Quarterly Estimates				
	Q1/19	Q2/19	Q3/19	Q4/19
EPS (operating)	-\$0.03	-\$0.03	-\$0.03	-\$0.02
CFPS	-\$0.03	-\$0.03	-\$0.03	-\$0.02
	Q1/20	Q2/20	Q3/20e	Q4/20e
EPS (operating)	-\$0.02	-\$0.02	-\$0.03	-\$0.03
CFPS	-\$0.02	-\$0.02	-\$0.03	-\$0.03

Company at a Glance

Fury Gold is a newly created exploration company focused on delivering shareholder value through project acquisition and development. The company is focused on gold in Canada. **All prices in C\$ unless otherwise indicated.**

Stock Performance



Investment Thesis...Expanded Development Pipeline With Exploration Portfolio That Investors Get For Free

We view Fury Gold as an attractive speculative play for development success in Canada with Eau Claire (Quebec) and Homestake Ridge (BC). We also believe that exploration success could boost existing resources and potentially deliver larger mining operations than outlined in the PEAs.

Fig 1 Location Map: Fury Gold's Main Assets



Source: Company reports

Fig 2 Existing Resources: Fury Gold

		Tonnes (MMt)	Gold Grade (g/t)	Contained Gold (MMoz)
Eau Claire (Quebec)	M+I	4.3	6.2	0.83
	Inferred	2.4	6.5	0.50
Homestake Ridge (BC)	M+I	0.7	7.0	0.17
	Inferred	5.5	4.6	0.82
Three Bluffs (Nunavut)	M+I	2.1	7.9	0.52
	Inferred	2.9	7.6	0.72
	Total M+I	7.1	6.7	1.52
	Total Inferred	10.8	5.9	2.04
	Total M+I+I	17.9	6.2	3.56

Source: Company reports

Fury Gold's other assets include:

- **Gibson MacQuoid** (Nunavut): early-staged exploration property
- **Eleonore South JV** (Quebec): 36.7% JV with Newmont Mining (NEM-NYSE, not covered, no rating) and Azimut Exploration (AZM-V, not covered, no rating)

Valuation Methodology

Our preferred valuation for mining equities employs cash flow-based metrics such as P/CF and P/NAV, using life-of-mine production forecasts and our commodity price assumptions. However, as we believe exploration success is likely to materially change the potential mining operations outlined in the 2 PEAs, we employ the more basic valuation metric of **Adjusted Market Capitalization per total resource ounce (AMC/oz)**.

For Fury Gold, we believe the renewed exploration strategy can deliver new discovery and/or expansions of existing resources. We are targeting a total resource of 5MMoz for Fury. We also believe Fury can command premium AMC/oz multiples for the higher-grade nature of the gold mineralization at Eau Claire, Homestake, and Committee Bay.

Using our targeted resource and targeted AMC/oz multiple generates our \$5.00 target price for FURY shares.

Fig 3 AMC/oz: Higher-grade, Non-producing Peer Group

Company	Sym-Exch	Share Price C\$/sh	Shares M	Market Cap US\$M	AMC US\$M	(M+1)	(M+1+1)	Gold Grade g/t	AMC/ M+1 oz US\$/oz	AMC/ M+1+1 oz US\$/oz	Area of Major Exploration	
						Measured Indicated 000oz	Total Resource 000oz					
Ascot Resources	AOT-CA	\$1.18	276	\$250	\$238	1,849	3,099	7.60	129	77	BC	
Battle North Gold	BNAU-CA	\$1.86	97	\$139	\$141	979	1,262	6.62	144	111	Ontario	
Bonterra Resources	BTR-CA	\$1.12	78	\$67	\$63	699	2,104	6.77	90	30	Quebec	
HighGold Mining	HIGH-CA	\$2.93	50	\$114	\$96	417	455	5.73	230	211	Alaska	
Kerr Mines	KER-T	\$0.13	310	\$31	\$34	313	445	10.93	109	76	Arizona	
Maritime Resources	MAE-CA	\$0.16	302	\$36	\$27	429	1,090	7.71	63	25	NFLD	
Osisko Mining	OSK-CA	\$3.79	342	\$996	\$776	1,206	5,144	8.56	643	151	Quebec	
Radisson Mining	RDS-CA	\$0.33	208	\$53	\$46	289	434	8.76	158	105	Quebec	
Redstar Gold	RGC-CA	\$0.13	475	\$46	\$40	-	384	13.80	-	103	Alaska	
Sabina Gold & Silver	SBB-T	\$2.69	326	\$674	\$619	4,031	6,047	5.82	154	102	Nunavut	
Skeena Resources	SKE-T	\$2.50	194	\$373	\$337	1,987	3,039	3.80	170	111	Nunavut	
									Mean	191	99	
									Median	144	103	
Fury Gold - current	FURY-T	\$2.15	118	\$188	\$170	1,520	3,560	6.19	112	48	Que/BC/Nunavut	
Fury Gold - target	FURY-T	\$5.00	118	\$436	\$418	2,500	5,000	6.00	167	84	Que/BC/Nunavut	

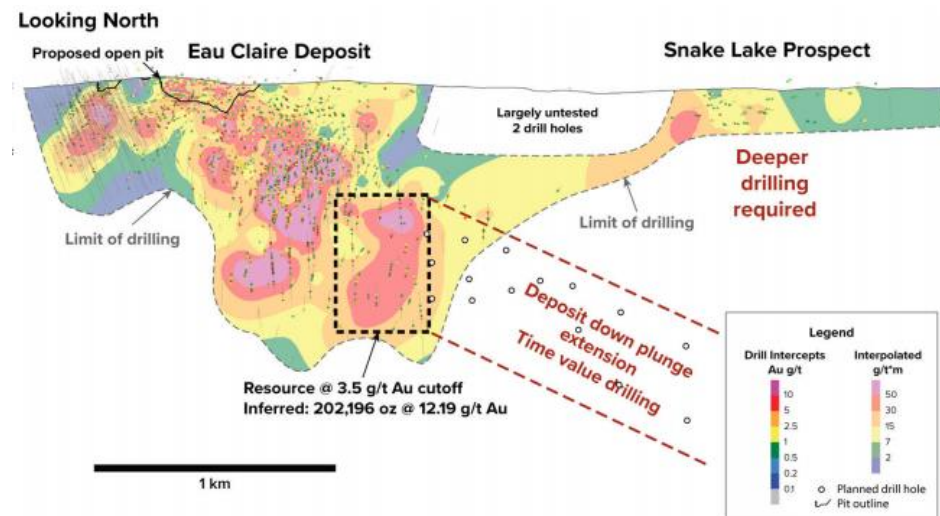
Source: Company reports, Factset data

Fig 4 PEA Parameters: Homestake Ridge (BC) and Eau Claire (Quebec)

Parameter	Homestake	Eau Claire
	(BC) 2020 PEA	(Quebec) 2018 PEA
Mining rate - tpd	900	1,500
Mining rate - tpa	315,000	542,000
Gold grade - g/t	6.4	4.9
Gold recovery	86%	95%
eqGold Production - LOM avg	45,000	86,000
eqGold Production - LOM total	590,000	951,000
Minelife - years	13.0	12.0
Initial Capex - US\$MM	88	130
Sustaining Capex - US\$MM	86	86
Total Cash Costs - US\$/oz	515	486
AISC - US\$/oz	670	574
Gold price (US\$/oz)	1,350	1,250

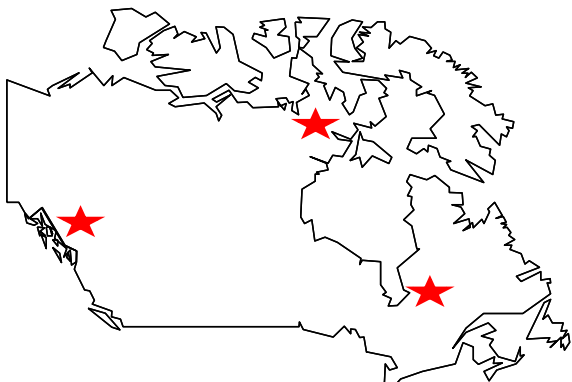
Source: Company reports

Fig 5 Cross-Section: Eau Claire Project (Quebec)



Source: Company reports

Appendix : Summary Financials

Fury Gold Mines Canada Inc.				Beacon Securities Limited						
Symbol FURY-T		Share Price C\$ 2.15		FURY (NYSE-AMEX) \$1.64		US\$				
Stock Rating BUY		Shares O/S (MM) 117.8		Float (MM) 117.8						
Price Target C\$ 5.00		Mkt Cap (\$MM) 253				Michael Curran, CFA (416) 507-3950				
INCOME STATEMENT				Management		Other Directors				
		FY19	FY20e	FY21e						
Revenues	C\$MM	-	-	-	Mike Timmins	President/CEO/Director	Ivan Bebek-Chairman			
Operating Costs	C\$MM	-	-	-	Michael Henrichsen	SVP-Exploration	Michael Hoffman			
EBITDA	C\$MM	(14.0)	(13.5)	(13.5)	Libby Senez	interim CFO	Jeffrey Mason			
DD&A	C\$MM	-	-	-	David Rivard	Exploration Manager	Blair Schultz/Steve Cook			
EBIT	C\$MM	(14.0)	(13.5)	(13.5)	Bryan Atkinson	VP, Corporate Development	Saga Williams			
Interest Expense	C\$MM	-	-	-	Options					
EBT	C\$MM	(10.9)	(11.5)	(11.5)		Avg. Price	Warrants			
Taxes/Recovery	C\$MM	(0.1)	-	-	6.4	\$2.01	0.5			
Net Income (reported)	C\$MM	(13.9)	(13.5)	(13.5)			Avg. Price			
Non-Recurring Items/Other	C\$MM	3.1	2.0	2.0	Recent Financings					
Net Income (operating)	C\$MM	(10.5)	(11.5)	(11.5)	Date	Amount	Price	Type	Warrant	Expiry
Shares o/s (wgt avg.)	MM	94.0	110.0	120.0	SEP-2020	C\$ 23.0	C\$ 2.00	subscription receipt	-	-
EPS (operating)	\$/sh	(\$0.11)	(\$0.10)	(\$0.10)	JAN-2020	C\$ 15.0	C\$ 1.60	priv. placement	-	-
P/E Multiple	x	n.m.	n.m.	n.m.						
Cash Flow (operating)	C\$MM	(10.6)	(11.5)	(11.5)	Source: Company reports, Beacon estimates					
CFPS	\$/sh	(\$0.11)	(\$0.10)	(\$0.10)						
P/CF Multiple	x	n.m.	n.m.	n.m.						
BALANCE SHEET										
Cash & Equivalents	C\$MM	0.7	16.1	16.5						
Total Current Assets	C\$MM	1.7	17.1	17.6						
PP&E & Mining Interests	C\$MM	41.0	41.7	42.8						
Other	C\$MM	0.3	0.3	0.3						
Total Assets	C\$MM	43.0	59.1	60.6						
Current Liabilities	C\$MM	4.0	4.1	4.1						
Long Term Debt	C\$MM	-	-	-						
Other LT Liabilities	C\$MM	2.1	2.1	2.1						
Total Liabilities	C\$MM	6.1	6.2	6.2						
S/Holder Equity	C\$MM	36.8	52.9	54.4						
Total Liab. & S/Holder Equity	C\$MM	42.9	59.1	60.6						
Working Capital	C\$MM	(2.3)	13.0	13.5						

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As at September 30, 2020	# Stocks	Distribution
Buy	55	68%
Speculative BUY	15	19%
Hold	0	0%
Sell	0	0%
Under Review	11	14%
Tender	0	0%
Total	81	100%

Buy	Total 12-month return expected to be >15%
Speculative Buy	Potential total 12-month return is high (>15%) but given elevated risk, investment could result in a material loss
Hold	Total 12-month return expected to be between 0% and 15%
Sell	Total 12-month return expected to be negative
Under Review	No current rating/target
Tender	Clients are advised to tender their shares to takeover bid or similar offer

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