

Fury Gold Mines Limited

{FURY-T}

SECTOR: Mining

STOCK PRICE \$0.82
RATING **BUY**
TARGET PRICE \$1.70

EXPLORATION UPDATE

Paving a Pathway to Growth and Discovery as 2023 Season Kicks Off with Exploration on Eau Claire with Percival to Follow

EVENT: Fury Gold Mines initiates 2023 Drill Project following up on paradigm changing drilling and geological reinterpretation of the Eau Claire mineralized systems in 2022

OUR TAKE: Positive, on the incremental. Drilling on Eau Claire is set to catalyze the year on testing lower risk growth potential on Eau Claire, which is within a total exploration drilling plan of 15,000-20,000 metres planned by the Company over its total asset portfolio for the year.

KEY HIGHLIGHTS

- Following up on 2022 work, Fury has initiated 2023 drilling on the Eau Claire deposit with a 10,000-15,000 m program with immediate focus on lower risk targeting on the Western Hinge, Gap Zone, and North Limb areas, which we believe has the potential to add to the defined continuity of the redefined gold mineralized system and the defined resource estimate.
- Western Hinge target is comprising the initial focus of the Company where drilling will test for extensions of High-Grade gold mineralization only a portion of the 1 kilometre long strike length has been drilled: noting that both up-dip and down plunge extensions also need to be examined. We are also excited by the potential of the Gap Zone to deliver exploration upside based on new geological interpretation of bifurcation of the host system where the 'new' potential leg of mineralization has been little tested with drilling on the margin returning intersections that include: 1 metre grading 45 g/t Au.
- Further, later in Q2/23 will see the returning of drilling on the Percival prospect that will look to repeat the successful results of the 2022 program with targeting aiming to build continuity and system down-dip extension. Fury is well positioned to complete this year's exploration plan with ~C\$16 million in cash post the recent financing complex in late March.
- We note that the soon to be closed acquisition of Sabina Gold and Silver (SBB-T, not rated) by B2Gold (BTO-T, Buy, C\$8.50 target) for ~C\$2.23 per share highlights the growing trend of asset consolidation within the sector as producers look for asset and production growth. The acquisition was predominantly for the Back River Project hosting the planned Goose gold mine that hosts ~3.6 million gold grading 5.97 g/t. This reminds us of Fury's latent potential of its Three Bluffs gold deposit (Total: 1.24 Moz gold grading ~7.7 g/t) on the Committee Bay project that represents a high-grade, largely BIF-hosted gold system somewhat analogous to the Back River Project.

Fury is more than just a gold exploration company with a range of assets domiciled in eastern Canada augmented by its equity position in Dolly Varden Silver (DV-V, Buy, \$1.80 Target) providing a differential picture of leverage to exploration upside and liquidity. We see potential offered in management's approach to mature and harvest value across the asset portfolio.

RECOMMENDED ACTION

We recommend accumulating shares at current levels

- Maintain BUY Rating and \$1.70/sh Target.** Our recommendation is predicated on a ~0.70x NAV multiple to our Corp. NAV6% of \$2.47/sh based on a DCF modelled operating scenario for the Eau Claire Project, other asset credits, and corporate adjustments.

CATALYSTS

- 2023 – Drilling Results (Eau Claire and Percival)

PROJECTED RETURN **107%**

RISK FACTOR **Very High**

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
\$0.20	\$0.82	\$1.70
↓76%		↑107%

KEY STATISTICS AND METRICS

52-Week High/Low	\$0.98 / \$0.46
YTD Performance	29%
Dividend Yield	nil
Shares O/S	146 M (basic)
Market Capitalization	\$119 M
Cash	\$10 M
Debt (LT)	227k
Enterprise Value	\$105 M
Daily Volume (3 mth)	168,832
Currency	C\$ unless noted

HAYWOOD ESTIMATES (USD)

	2023E	2024E	2025E
Revenue (\$M)	\$0	\$0	\$0
Net Income (\$M)	-\$9	-\$7	-\$7
EBITDA (\$M)	-\$9	-\$7	-\$7
OCF (\$M)	-\$8	-\$6	-\$6
OCF / sh (\$)	-\$0.05	-\$0.03	-\$0.03
Prod (koz AuEq)	NA	NA	NA
Cash Cost* (/oz AuEq)	NA	NA	NA
AISC Cost* (/oz AuEq)	NA	NA	NA

* Costs presented on a US\$/lb AuEq basis

VALUATION

Our \$1.70/sh target price is based on an ~0.70x multiple to our fully financed corporate NAV6% of \$2.47/sh.

FURY trades at a P/NAV multiple of 0.33x, versus peers trading at an average P/NAV multiple of 0.47x.

INVESTMENT THESIS

Our investment thesis for Fury Gold Mines is predicated on the following:

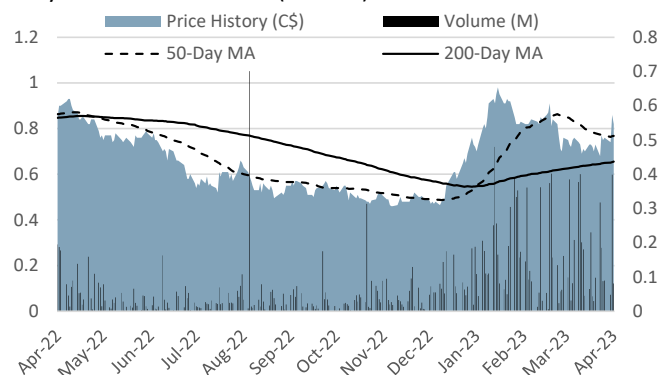
- Portfolio of high-grade Gold Assets in Quebec with Potential to Grow:** primary assets include Eau Claire, which hosts 1.35 Moz grading 6.4 g/t gold, and Committee Bay, which hosts 1.24 Moz gold grading 7.7 g/t gold. Both assets are open for growth, but given the lower costs of exploration at Eau Claire we favour concentration of expenditure on and around this system to elevate the global resource base and augment to the exploitation potential of the region. However, the given the underlying potential for growth and discovery on the Commodity Bay BIF-hosted systems, the asset cannot be ignored but best to be tested via another Party given the expense of the work to be carried out. Through drilling and diligent geological and structural modelling systematic controls on, and morphology of, this gold mineralization appears to be fitting better into a holistic architecture that can be employed across the lack package. This approach could work particularly well at targets like Percival, which while breccia-hosted appears to exhibit a demonstrable morphological relationship to steep-plunging fold hinges of similar generation to those observed on Eau Claire.
- Exploration Discovery Potential:** Fury enjoys holding a portfolio of assets with clear exploration potential that either reside in the shadow of the operating mine, or which would augment a company-held resource base nearby (e.g., Committee Bay and Eau Claire). We are particularly enamored by the potential of the Eleonore South JV, and its potential for the discovery of intrusion-related gold mineralization undercover, and or the definition of extensions to known intrusion-hosted gold mineralization elsewhere on the ground under Joint Venture with Newmont. In addition, the system's approach to exploration on Eau Claire, and on the adjoining Lac Clarkie property have the potential to make new discoveries.
- A Future for Production:** We believe that with the ongoing drilling being undertaken on Eau Claire, and surrounding targets, together with new integrated geological modelling that consideration of a modest scale future exploitation scenario is warranted. Such a model involves a conventional plant being fed by open pit and underground mine. We project a production scenario for the development of a ~1,800 tpd plant being to generate 87 koz AuEq. per year for ~11 years at an AISC of US\$1,009 per ounce Au. Initial CAPEX is outlined at US\$200 million, and LoM sustaining capital was estimated at US\$109 million. This model exploits ~70% of the resource mass.

KEY RISKS

- Valuation:** We acknowledge that the existing valuation risk remains high given fluctuations in commodity price, global economic conditions, market sentiment, and uncertainty relating to future production magnitude and cost structure (See Page 6).
- Financial:** We note, our financial estimates may be impacted in the event project capital requirements exceed our prevailing project development capital forecast of US\$200 million for a production scenario on the Eau Claire Project (See Page 6).
- Forecast:** In our assessment of the project, we outline a path to process material from concurrent underground operations at different deposits through a central facility at a ceiling rate of ~1,800 tonnes per day to produce gold and silver over a ~11 year period. We employ considerations from the available resource estimates and some data from the 2018 PEA on Eau Claire to generate a forecast for future operations in context with peer operations in the region and across Canada (See Page 6).

SCENARIO ANALYSIS

Fury Gold Mines Limited (FURY-T)



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our target price of \$1.70 per share is based on an ~0.70x multiple to our fully financed sum-of-the-parts corporate NAV6% of \$2.47 per share. In deriving our corporate NAV, we have utilized a discounted cash flow (DCF) approach using forecasted operating parameters for operations on the Eau Claire gold deposit, general project/credits to account for in-situ resource value, and other considerations, and lastly, we have factored in corporate level adjustments (working capital and corporate G&A).

DOWNSIDE CASE

Our downside case reflects our ~0.1x multiple (low-end of peer trading range) to our fully financed corporate NAV8% of ~\$2.47 per share.

Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.

Headquartered in Vancouver, Canada, **Fury Gold Mines Limited.** is a Vancouver based mineral exploration and development stage company focused on maturing assets across Quebec, Canada. The Company holds a 100% interest in the Eau Claire and Committee Bay Properties, 50% interest in the Eleonore South JV with Newmont, and holds >59 million shares in Dolly Varden Silver.

Website

www.furygoldmines.com

Key Management

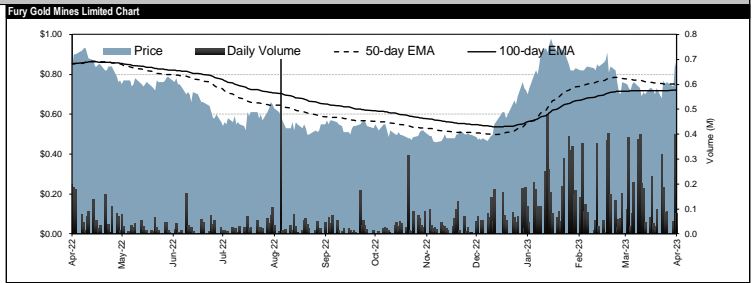
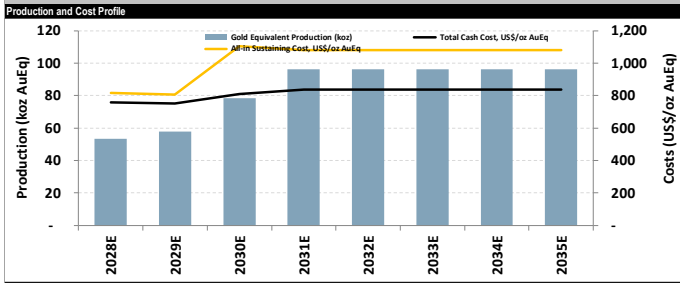
Tim Clark – CEO

Lynsey Sherry – CFO

Fury Gold Mines Limited (FURY-T)

Fury Gold Mines Limited TSX:FURY Price C\$0.82 Rating: BUY Risk: Very-High
 12-Apr-23 Shares O/S (M) 146 MCap (C\$) (M) C\$119 Target: C\$1.70 Return: 107%

Fury Gold Mine Limited is a gold exploration and development stage company with assets stationed in two copious mining regions of James Bay region in Quebec and the Kitikmeot region in Nunavut, Canada. Flagship properties include Eau Claire and Committee Bay with claims totaling 23,000 hectares & 297,273 hectares respectively.



	2028E	2029E	2030E	2031E	2032E	2033E
Forecast Gold Price, US\$/oz	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900
Forecast Silver Price, US\$/lb	\$23.75	\$23.75	\$23.75	\$23.75	\$23.75	\$23.75
C\$/US\$ FX Rate	1.30	1.30	1.30	1.30	1.30	1.30

Trading Statistics (C\$) / Capital Structure		52 Week High/Low		Average Daily Vol (M)	
Dec-21	C\$20.0 million	\$0.98 / \$0.46	Bought Deal	16.95 M shares @ C\$1.19/sh	0.17
Shares O/S - Basic, F.D.	146.5				

Income Statement						
Net Revenue, \$M	100.0	108.3	147.4	180.9	180.9	180.9
Mine Operating Profit, \$M	44.7	38.5	57.2	71.5	68.7	65.3
Net Income, \$M	58.1	50.0	75.0	81.9	81.2	80.0
Net Income per share	0.23	0.20	0.30	0.33	0.32	0.32

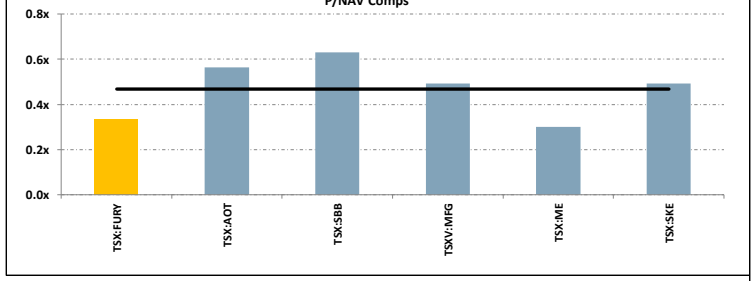
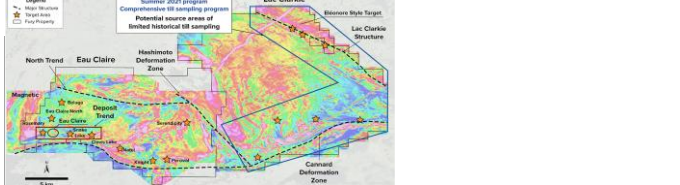
Last Financing					
Dec-21	C\$20.0 million	Bought Deal	16.95 M shares @ C\$1.19/sh		
Shares O/S - Basic, F.D.	146.5				

Balance Sheet						
Cash & Equiv, \$M	10.5	85.7	186.6	277.4	371.5	465.2
Working Capital, \$M	15.8	91.5	175.3	267.2	359.7	452.8
Current Portion of LT Debt, \$M	-	-	17.6	19.0	20.5	22.2
Total LT Debt, \$M	157.2	157.2	157.2	139.6	120.6	100.0
Shares Outstanding (M)	250.8	250.8	250.8	250.8	250.8	250.8

Corporate NAV Summary					
Project NAV	NAV 8%	NAV 6%	NAV 5%		
Corporate NAV	334	416	501	C\$/share	\$2.34

Production and Cost Profile						
Throughput (tpd)	1,639	1,781	1,781	1,781	1,776	1,781
Tonnes Milled (kt)	600	650	650	650	650	650
Gold Head Grade (g/t)	3.00	3.00	4.08	5.00	5.00	5.00
Gold Recoveries (%)	93%	93%	93%	93%	93%	93%
Payable Gold Production (koz Au)	53.3	57.7	78.4	96.2	96.2	96.2
Payable Gold Equivalent Production (koz AuEq)	53.3	57.7	78.4	96.2	96.2	96.2
Total Cash Cost, US\$/oz AuEq	757	751	809	838	838	838
All-in Sustaining Costs, US\$/oz AuEq	818	807	1,105	1,080	1,080	1,080
Mine Operating Margin (%)	60%	60%	57%	56%	56%	56%

Metal Inventory					
Operating Life	Category	Tonnes (M)	Au (g/t)		Au (Moz)
11.0 yrs	P&P	-	-		-
	M&I	4.6	6.34		0.94
	Inferred	4.7	7.08		1.08
	Total	9.3	6.72		2.01
	Modelled	7.1	4.56		1.04

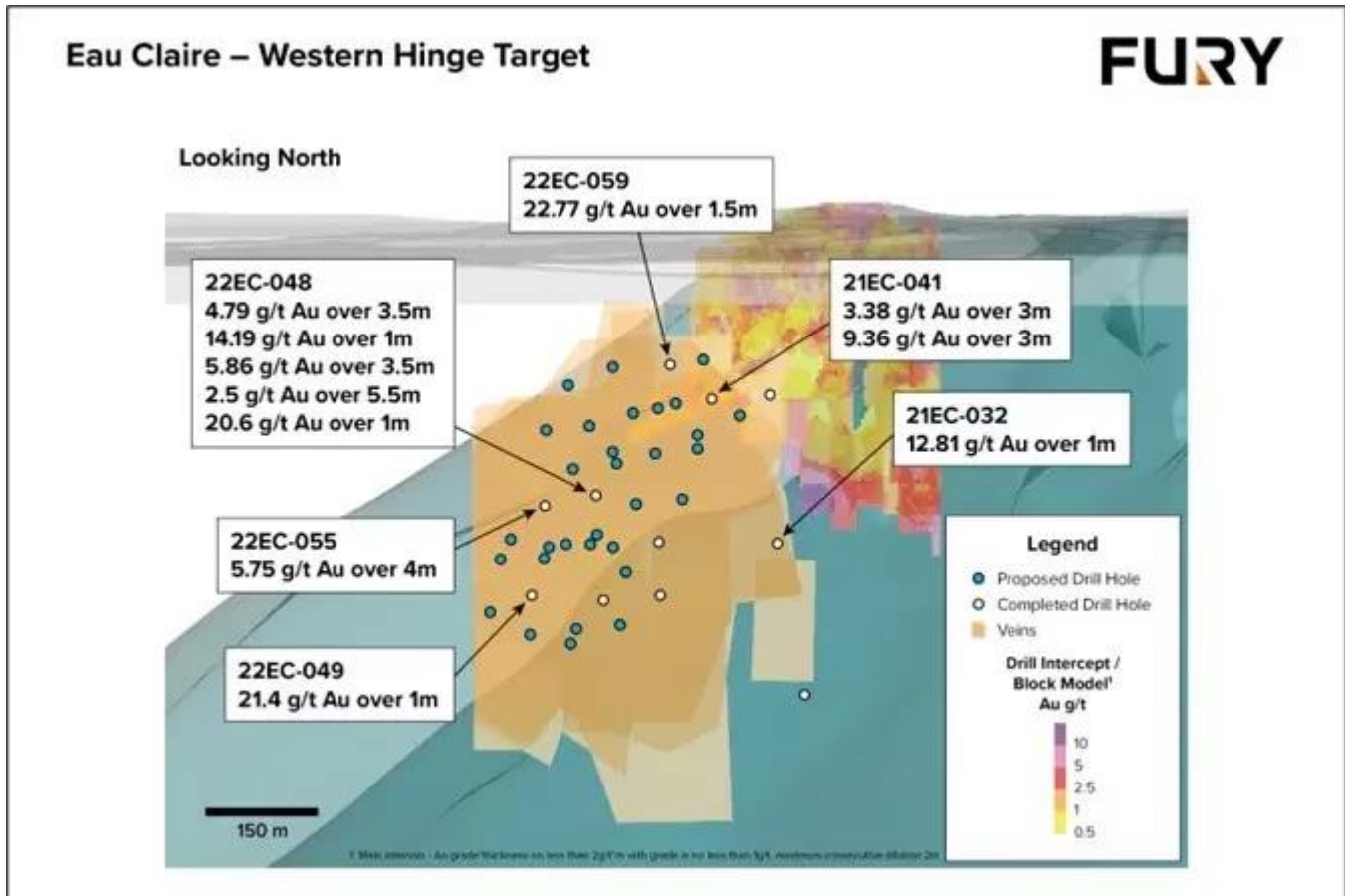


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Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities



Figure 1: Plan Map of Eau Claire Showing Western Hinge Location Target Highlighting Proposed 2023 Drill Holes within the Veins in the Mineralized Zone



Source: Company Reports



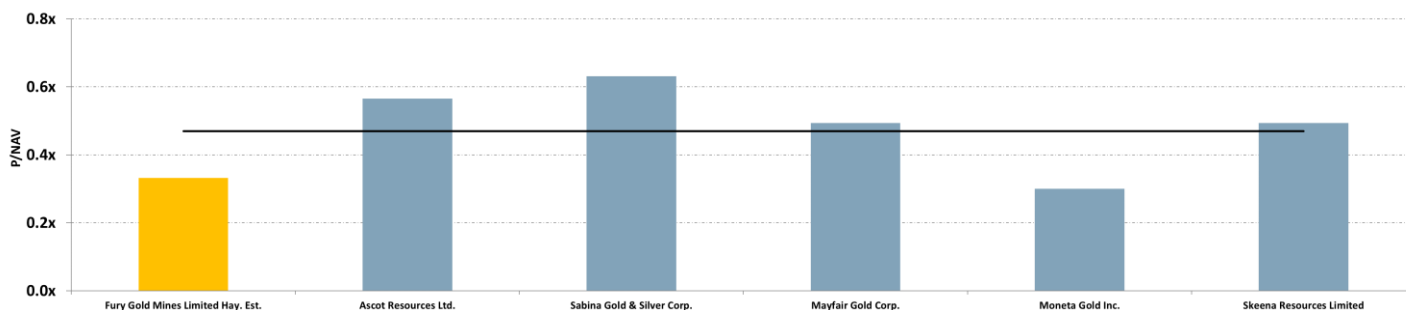
Valuation

Our \$1.70/sh target price for Fury Gold Mines is based on a 0.7x P/NAV of \$2.47/sh, which comprises a sum-of-the-parts valuation of the Company's exploration assets and holdings (\$1.83 per share), as well as other corporate adjustments.

Currently, Fury Gold Mines shares trade at a 0.33x P/NAV multiple to our fully financed after-tax corporate NAV6% estimate of \$2.47 per share. Comparatively, peers trade between 0.30x and 0.63x (0.47x average) corporate NAV estimates. On an EV/Oz basis, Fury trades at US\$31 per gold equivalent ounce, which is in the mid-range of peers at between US\$4 and US\$108 per gold equivalent ounce, below peers trading at an average of US\$33 per gold equivalent ounce.

Figure 2: Peer P/NAV Comparables

Company	Ticker	# of Estimates	Price 12-Apr-23	Market Capitalization \$CAD million	Enterprise Value \$CAD million	Cash \$CAD million	NAVPS \$CAD	P/NAV
Fury Gold Mines Limited Hay. Est.	TSX:FURY	-	\$0.82	\$119	\$105	\$13.9	\$2.47	0.33x
Comparable Development Stage Companies: consensus data								
Ascot Resources Ltd.	TSX:AOT	5	\$0.69	\$376	\$414	\$7.5	\$1.22	0.57x
Sabina Gold & Silver Corp.	TSX:SBB	7	\$2.20	\$1,231	\$1,181	\$43.8	\$3.49	0.63x
Mayfair Gold Corp.	TSXV:MFG	1	\$1.86	\$169	\$164	\$5.7	\$3.77	0.49x
Moneta Gold Inc.	TSX:ME	6	\$1.34	\$138	\$129	\$8.3	\$4.47	0.30x
Skeena Resources Limited	TSX:SKE	9	\$8.59	\$670	\$631	\$40.6	\$17.39	0.49x
Average								0.47x



Source: Haywood Securities and SNL Market Intelligence

Figure 3: EV/Oz Comparables Table for Selected Precious Metals Non-Producers

	Symbol	Market Capitalization (million)	Working Capital (million)	Enterprise Value (million)	Global Reserves & Resources					Global	
					Au (Moz)	Au (g/t)	AuEq (Moz)	AuEq (g/t)	% Au	EV/oz Au	EV/oz AuEq
Dolly Varden Silver Corporation	TSXV:DV	US \$219	US \$19	US \$200	1.0	2.78	1.9	5.27	53%	US \$204	US \$108
Lumina Gold Corp.	TSXV:LUM	US \$168	US (\$6)	US \$180	17.0	0.49	22.2	0.64	77%	US \$11	US \$8
Liberty Gold Corp.	TSX:LGD	US \$143	US \$18	US \$126	5.7	0.42	7.1	0.52	81%	US \$22	US \$18
Moneta Gold Inc.	TSX:ME	US \$103	US \$1	US \$102	15.4	1.02	15.5	1.03	100%	US \$7	US \$7
Mayfair Gold Corp.	TSXV:MFG	US \$127	US \$3	US \$123	2.2	0.91	2.2	0.91	100%	US \$57	US \$57
Orezone Gold Corporation	TSX:ORE	US \$392	US (\$43)	US \$524	5.5	0.68	5.5	0.68	100%	US \$95	US \$95
Perpetua Resources Corp.	TSX:PPTA	US \$325	US \$11	US \$313	7.9	1.23	8.1	1.26	98%	US \$40	US \$39
Sabina Gold & Silver Corp.	TSX:SBB	US \$921	US \$21	US \$909	9.2	6.04	9.2	6.04	100%	US \$99	US \$99
Sarama Resources Ltd	TSXV:SWA	US \$12	US \$0	US \$12	3.1	1.47	3.1	1.47	100%	US \$4	US \$4
Group Average - Total										US \$37	US \$33
Fury Gold Mines Limited	TSX:FURY	US \$89	US \$8	US \$82	2.6	6.92	2.6	6.92	100%	US \$31	US \$31

Source: Company Reports and Haywood Securities



Significant Investment Risks

The investment to which this report relates carries various risks, which are reflected in our Overall Risk Rating. We consider the following to be the most significant of these investment risks:

- ◆ **Overall Risk – Very High:** We assign an overall Very High-risk rating to Fury Gold Mines given the status of the Company's assets, and the tabling of Eau Claire PEA in 2018. An integrated economic study on the deposits on the James Bay region should only be formally entertained once a significant amount of additional drilling has been completed, and the true scale of the development potential emerges with drilling to be carried out for at least another year along the geological trend on the Eau Claire project to better ascertain the potential and scale of the system prior to the starting of scoping-level work on the development scale of the area.

We anticipate the Company to progress towards further project de-risking as results from ongoing exploration and technical scoping work emerge from the core project area. Furthermore, we note the Company's relatively small market capitalization in context of projected financing requirements to meet capital funding required to facilitate LOM cash flows as a key risk consideration. Our model for future discounted cash-flow-generation potential is determined based on fully funded assumptions for project development and corporate general and administrative expenses over the life of mine. Not to be underestimated, valuation risk is implicit in commodity price, geopolitical and fiscal regime considerations.
- ◆ **Valuation Risk – Very High:** Fury's valuation resides within the range of development-stage peers, and well below gold producer P/NAV multiples. Fury is trading at a 0.33x multiple to corporate NAV6%, which compares with peers ranging between 0.30x and 0.63x (average of 0.47x). Our target of \$1.70 per share equates to a ~0.7x multiple to our corporate NAV6% estimate. Our valuation is based on a risk-adjusted fully financed corporate NAV6% of \$501 million or \$2.47 per share. At this juncture, our target based on a ~0.7x multiple to our corporate NAV6%, in our view, captures the appropriate investment risks of the Company at its current stage.
- ◆ **Financial Risk – Very High:** The Company's medium- and long-term capital expenditures are not fully funded. In our project development projections, we integrate a collective project debt facility of ~US\$118 million to be drawn after permitting receipt in late 2026 to secure financing to meet the initial project capital development cost. In addition, to finance the projected progress of the Eau Claire project, we assume collective equity raises of totalling C\$60 million over the next 3 years. Our nominal development plan outlines construction capital costs for the project of US\$200 million, which will be dividend into a debt (US\$118 million), and the remaining equity proportion. We project the start of precious metals production in late 2028. Our near-term equity-financing assumption, while priced at the higher end of the trading range over the past year, represents proceeds that comprise a smaller portion of the Company's market capitalization. However, subsequent financings (debt and equity) related to the potential development of the project are far more contingent on ultimate project economics and the nature of the commodities and capital markets at the time of concluding potential financing, which can mean more dilutive conditions and/or timing delays compared with our assumptions.
- ◆ **Forecast Risk – Very High:** Fury's primary focus is the exploration of the Eau Claire project. In our assessment of the project, we examine production potential for a number of zones on Eau Claire in limiting the materialization of future growth and discovery: noting that we see upside potential on Eau Claire based on locations within the resource model where gold mineralization is unconstrained and new geological interpretations for internal morphology of the deposit. Our production scenario examines the development of a single ~1,800 tpd conventional processing plant producing gold. In our development and production scenario we outline the requirement of US\$200 million in pre-production development capital and deliver a 11-year mine life for gold recoveries at 92% at an AISC of US\$1,009.
- ◆ **Political Risk – High:** Fury's assets are situated in Quebec, a stable tier-1 jurisdiction that historically has been conducive to mining investment in the past, as well as the more recent political and permitting requirement. The region is host to several high-grade gold deposits that feature Newmont's (TSX: NGT, not rated) Eleonore gold mine (adjacent to the Company's Eleonore South JV). The region has received increased focus across the mining sector from explorers, developers, and producers alike as the demand for energy transition metals continues to rise. Although we don't foresee geopolitical risk associated with the jurisdiction, we are cognizant of provincial and federal permitting considerations over the duration of the timeline until potential development. As such, any delays in successfully obtaining required permits and certificates to advance the project would represent a material risk to ultimate project development timelines. According to the most recent 2021 Fraser Institute Mining Survey, Quebec ranked 6th of 84 jurisdictions on investment attractiveness index and 5th on PPI.



Important Information and Legal Disclosures

This report is intended for institutional investors and may only be distributed to non-institutional US clients in the following states: nil. Otherwise, this report may only be distributed into those states with an institutional buyer state securities registration exemption.

Analyst Certification

I, Geordie Mark, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

Important Disclosures

Of the companies included in the report the following Important Disclosures apply:

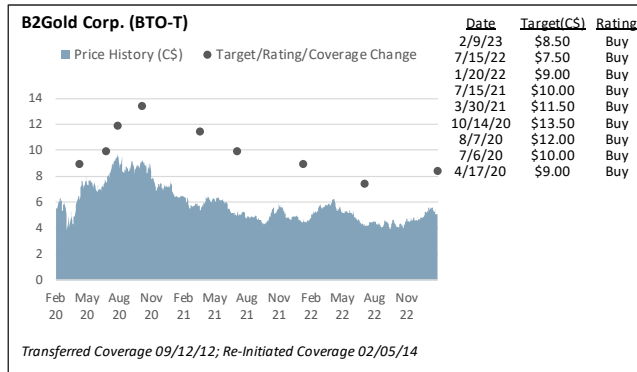
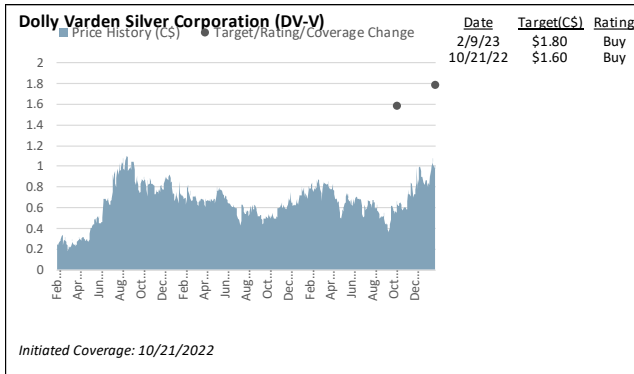
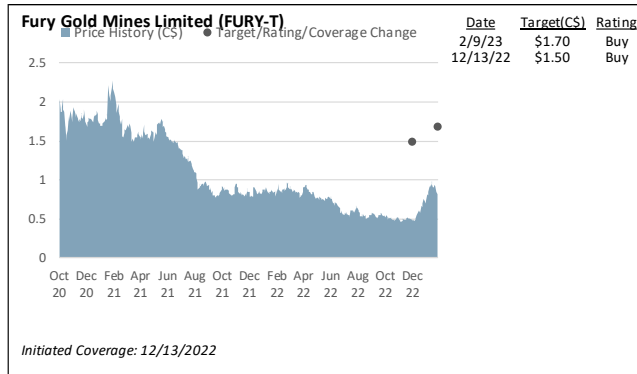
Ticker	Company	1	2	3	4	5	6	7	8	9
TSXV:DV	Dolly Varden Silver Corp.			X	X		X			
TSX:BTO	B2Gold Corp.			X						
TSX:FURY	Fury Gold Mines Ltd.		X	X	X		X			
TSX:LGD	Liberty Gold Corp.			X						
TSXV:LUM	Lumina Gold Corp.		X	X			X			
TSX:ME	Moneta Gold Inc.			X	X					
1	The Analyst(s) preparing this report (or a member of the Analysts' households) have a financial interest in this company.									
2	As of the end of the month immediately preceding this publication either Haywood Securities, Inc., one of its subsidiaries, its officers or directors beneficially owned 1% or more of this company.									
3	Haywood Securities, Inc. has reviewed lead projects of this company and a portion of the expenses for this travel may have been reimbursed by the issuer.									
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Distribution of Ratings (as of April 13, 2023)

	%	#	IB Clients (TTM)
Buy	75.7%	78	95.0%
Hold	10.7%	11	5.0%
Sell	0.0%	0	0.0%
Tender	1.0%	1	0.0%
UR (Buy)	0.0%	0	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	12.6%	13	0.0%



Price Chart, Rating and Target Price History (as of April 13, 2023)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
 Source: Capital IQ and Haywood Securities

Link to Research Policy: <http://haywood.com/what-we-offer/research/research-policy>

