

Revival Gold Inc. (RVG-V)

Final Assays From 2020 Drill Programme At Haidee

January 25, 2021

Michael Curran, CFA

(416) 507-3950

mcurran@beaconsecurities.ca

Revival controls the past-producing **Beartrack** gold mine, and the adjacent **Arnett Creek** property, both located in **Idaho** (fig3). Earlier this year, the company provided an updated total resource estimate of ~3 million ounces of gold (M+I+I). Late last year, RVG tabled a positive PEA to re-start a heap-leach operation with existing oxide and transitional oxide material outlined to date at the Beartrack and Arnett Creek properties. The study outlined a 72,000oz/yr open pit, heap-leach operation with life-of-mine average total cash costs of US\$809/oz and AISC of US\$1,057/oz. Capital to re-start the heap-leach mine are pegged at US\$100 million. The PEA generated an after-tax IRR of 25% at a US\$1,550/oz gold price.

Recent Drilling: this morning, RVG reported the remainder of assays from drilling completed last year at the **Haidee** zone on the **Arnett Creek** property, all of which encountered near surface, oxide gold mineralization. Highlights included:

- 16.7 metres grading 0.55g/t gold (AC20-054D)
- 20.5 metres grading 0.53g/t (AC20-066D)
- 18.6 metres grading 0.61g/t (AC20-067D)
- 22.6 metres grading 0.56g/t (AC20-069D)
- 14.5 metres grading 0.79g/t (AC20-069D)
- 16.3 metres grading 0.69g/t (AC20-069D)

RVG is also awaiting assays from 10 drill holes completed on the **Beartrack** property in 2020.

Our View: the grades and widths seen at Haidee should be economic for open pit mining and heap-leach processing. Several of the intercepts also reflect the conversion of waste to ore in the planned open pit, thus should positively impact overall economics, by increasing gold resources and lowering the strip ratio (fig1).

Update

BUY (unch.) \$2.00 (unch.)

| | |
|-----------------------|---------------------------|
| Recent/Closing Price | \$0.73 |
| 12-month Target Price | \$2.00 |
| Potential Return | 174% |
| Dividend Yield | 0.0% |
| 52 Week Price Range | Low: \$0.33, High: \$1.45 |

| (C\$MM, except per unit) | Annual Estimates | | | |
|--------------------------|------------------|---------|---------|---------|
| | FY20 | FY21e | FY22e | FY23e |
| Revenue | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Net Income | -\$5.7 | -\$11.2 | -\$8.0 | -\$5.9 |
| Shares O/S (wgt avg) | 53 | 75 | 90 | 140 |
| EPS (operating) | -\$0.09 | -\$0.14 | -\$0.08 | -\$0.03 |
| CFPS | -\$0.10 | -\$0.14 | -\$0.08 | -\$0.05 |

| Valuation | | | | |
|-----------|------|--------|------|------|
| P/E | neg. | neg. | neg. | neg. |
| P/CF | neg. | neg. | neg. | neg. |
| NAV | | \$1.70 | | |
| P/NAV | | 0.4x | | |

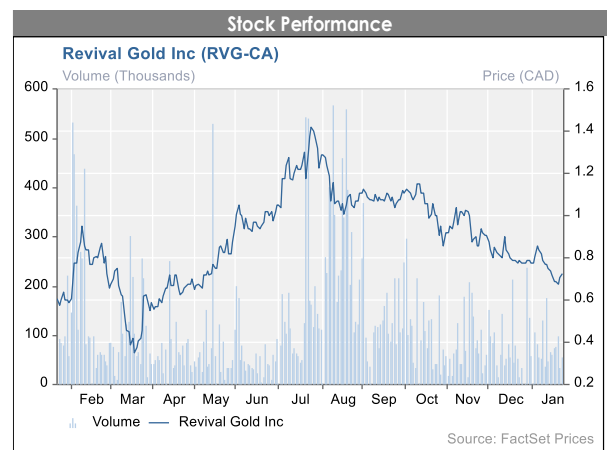
| Financials | | |
|---------------------|---------|---------|
| Shares Outstanding | 71.2 | million |
| Mgt/Insiders | 10% | |
| | (C\$MM) | |
| Market Cap | \$51.9 | |
| LT Debt (corporate) | \$0.0 | |
| Working Capital | \$12.0 | |
| Enterprise Value | \$39.9 | |
| Fiscal Year End | June 30 | |

| Reserves / Resources | | |
|-------------------------|-----|------|
| 2P Reserves | - | |
| M+I Resources | 1.4 | MMoz |
| Total Resources (M+I+I) | 3.0 | MMoz |

| | Quarterly Estimates | | | |
|-----------------|---------------------|---------|---------|---------|
| | Q1/20 | Q2/20 | Q3/20 | Q4/20 |
| EPS (operating) | -\$0.05 | -\$0.02 | -\$0.02 | -\$0.01 |
| CFPS | -\$0.05 | -\$0.02 | -\$0.02 | -\$0.01 |
| | Q1/21 | Q2/21e | Q3/21e | Q4/21e |
| EPS (operating) | -\$0.05 | -\$0.03 | -\$0.03 | -\$0.03 |
| CFPS | -\$0.05 | -\$0.03 | -\$0.03 | -\$0.03 |

Company at a Glance

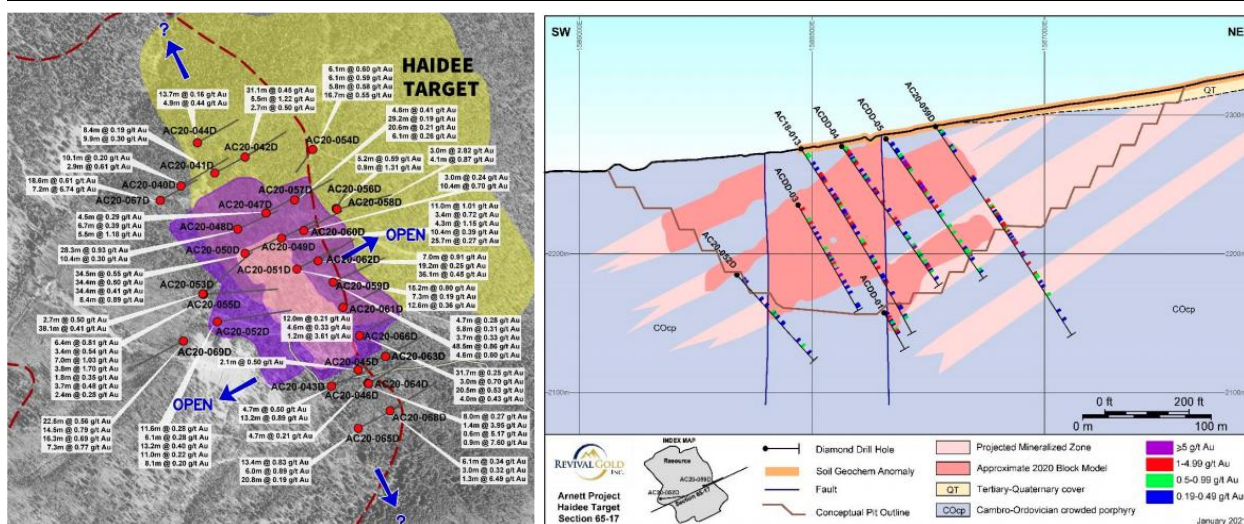
Revival Gold is a growth-focused gold exploration and development company. The main assets are the past-producing Beartrack Mine, and neighbouring Arnett Creek property, both in Idaho. **All figures in C\$ unless otherwise indicated.**



Investment Thesis...Attractive Development Play

We view Revival Gold as an attractive speculative play for exploration success for gold mineralization in Idaho. The company has an option to acquire the past-producing **Beartrack** gold mine in east central Idaho, and holds a 100% interest in the adjacent **Arnett Creek** property. The Beartrack mine produced ~600Koz of gold via an open pit, heap leach operation in the 1990s. The site has been fully reclaimed by Meridian/Yamana, but has good infrastructure that we believe could facilitate an open pit, heap-leach mine re-start, with longer-term potential for a much larger sulphide operation (open pit and/or underground).

Fig 1 Plan Map (left) and Cross-section (right): Arnett Creek – Haidee Deposit



Source: Company reports

Valuation Methodology

Our favored valuation method for precious metals producers is a price-to-net-asset-value (P/NAV) multiple based on a discounted cash flow (DCF) model constructed using our estimates of the parameters of existing or potential mining operations. Our short-term gold price assumptions are \$1,800/oz for 2021, \$1,700/oz in 2022, and our long-term gold price assumption is \$1,600/oz starting in 2023.

Future year cash flows are then discounted using a base rate of 5%, to which a risk premium is added, depending on the overall political risk the company's assets are exposed to. Revival's asset exposure to Idaho is considered low risk (5% base + 0% premium).

Fig 2 Net Asset Value Breakdown: Revival Gold

| | Discount | | Value C\$M | Per Share (C\$/sh) | | |
|-------------------------------|-----------|-----------|---------------|--------------------|---------------|---------------|
| | Rate | Ownership | | 2021E | 2022E | 2023E |
| Beartrack-Arnett (heap-leach) | 7% | 100% | \$140 | \$1.00 | \$1.07 | \$1.14 |
| Beartrack-Arnett (sulphides) | US\$25/oz | 100% | \$88 | \$0.63 | \$0.63 | \$0.63 |
| OPERATING ASSETS | | | \$228 | \$1.62 | \$1.69 | \$1.77 |
| Working Capital | | | \$12 | \$0.08 | \$0.05 | \$0.05 |
| LT Debt (corporate only) | | | \$0 | \$0.00 | \$0.00 | \$0.00 |
| CORPORATE ASSETS | | | \$12 | \$0.08 | \$0.05 | \$0.05 |
| NET ASSET VALUE | | | \$240 | \$1.70 | \$1.74 | \$1.82 |

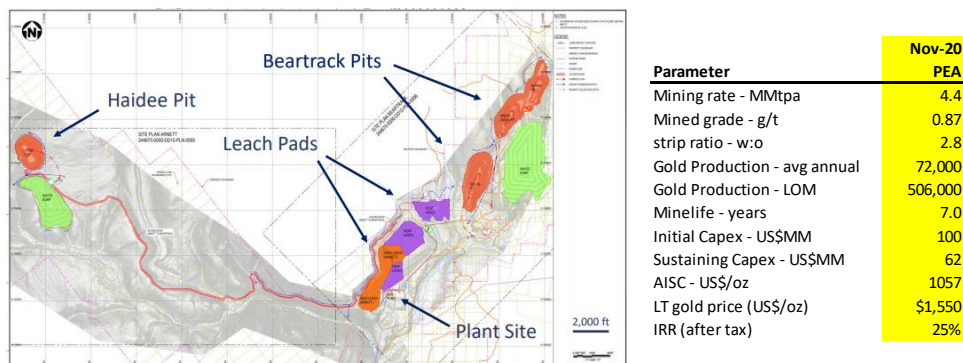
Source: Beacon Securities estimates

In Fig. 2 we provide forward-looking NAV/sh estimates to show how the company's NAV is forecast to change over the next few years. For junior gold producers (gold production <250Koz/yr), we employ a target range of 0.50x-1.50x P/NAV. Using a target P/NAV multiple of 1.0x on our 2021 NAV estimate suggests a fair value of C\$1.70/sh for Revival.

On a forward-looking P/CF multiple analysis basis, we forecast potential CFPS of \$0.48/sh in FY2025, our forecasted first full year of operation at Beartrack. Discounting back to 2021 and applying our target multiple of 10.0x P/CF to this estimate, which is towards the middle of our 5.0x-15.0x target range for junior gold producers, suggests a fair value of C\$2.30/sh.

Using a 50/50 blend of fair values generated by NAV and CF analysis, generates our 12-month target price of C\$2.00 per RVG share.

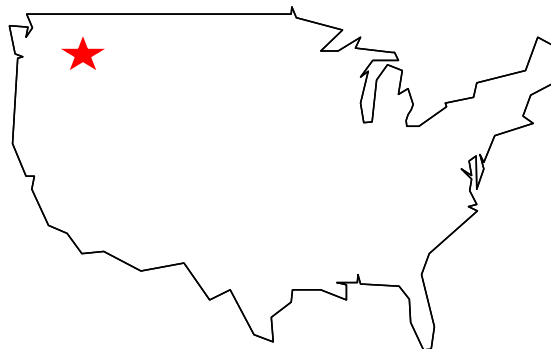
Fig 3 Location Map (left) and PEA Parameters (right): Heap-Leach Mine



Source: Company reports

Appendix: Summary Financials

| Revival Gold Inc. | | | | Beacon Securities Limited | | | | | | |
|--|--------------|-----------------|-----------------|---------------------------|--------------------------|------------------------------------|-------------------------------|-----------------|----------------|---------------|
| | Symbol | RVG-V | Share Price | \$0.73 | | | | | | |
| | Stock Rating | BUY | Shares O/S (MM) | 71.2 | Float (MM) | 55.7 | | | | |
| | Price Target | \$2.00 | Mkt Cap (\$MM) | 52 | | | | | | |
| | | | | | | Michael Curran, CFA (416) 507-3950 | | | | |
| INCOME STATEMENT | | | | Management | | Other Directors | | | | |
| | | FY20 | FY21e | FY22e | | | | | | |
| Revenues | C\$MM | - | - | - | Hugh Agro | President/CEO/Director | Wayne Hubert - Chair | | | |
| Operating Costs | C\$MM | - | - | - | Steve Priesmeyer | VP-Exploration | Michael Mansfield | | | |
| EBITDA | C\$MM | (5.9) | (11.2) | (8.0) | Adam Rochacewich | VP & CFO | Donald Birak | | | |
| DD&A | C\$MM | - | - | - | Peter Blakeley | General Manager | Robert Chausse | | | |
| EBIT | C\$MM | (5.9) | (11.2) | (8.0) | | | Carmelo Marrelli Maura Lendon | | | |
| Interest Expense | C\$MM | (0.0) | - | - | Options | Avg. Price | Warrants | Avg. Price | | |
| EBT | C\$MM | (5.1) | (10.2) | (7.0) | 4.8 | \$0.69 | 9.5 | \$1.40 | | |
| Taxes/Recovery | C\$MM | (0.1) | - | - | Recent Financings | | | | | |
| Net Income (reported) | C\$MM | (5.7) | (11.2) | (8.0) | Date | Amount | Price | Type | Warrant | Expiry |
| Non-Recurring Items/Other | C\$MM | - | - | - | JUL-2020 | \$15.0 | \$1.10 | priv. placement | \$1.60 | JAN-2022 |
| Net Income (operating) | C\$MM | (5.0) | (10.2) | (7.0) | APR-2019 | \$5.0 | \$0.72 | priv. placement | \$0.90 | APR-2022 |
| Shares o/s (wgt avg.) | MM | 53.3 | 75.0 | 90.0 | | | | | | |
| EPS (operating) | \$/sh | (\$0.09) | (\$0.14) | (\$0.08) | | | | | | |
| P/E Multiple | x | n.m. | n.m. | n.m. | | | | | | |
| Cash Flow (operating) | C\$MM | (5.1) | (10.2) | (7.0) | | | | | | |
| CFPS | \$/sh | (\$0.10) | (\$0.14) | (\$0.08) | | | | | | |
| P/CF Multiple | x | n.m. | n.m. | n.m. | | | | | | |
| BALANCE SHEET | | | | | | | | | | |
| Cash & Equivalents | C\$MM | 1.0 | 4.2 | 0.7 | | | | | | |
| Total Current Assets | C\$MM | 1.2 | 4.4 | 0.9 | | | | | | |
| PP&E & Mining Interests | C\$MM | 6.3 | 7.8 | 9.3 | | | | | | |
| Other | C\$MM | - | - | - | | | | | | |
| Total Assets | C\$MM | 7.5 | 12.3 | 10.2 | | | | | | |
| Current Liabilities | C\$MM | 0.6 | 0.6 | 0.6 | | | | | | |
| Long Term Debt | C\$MM | - | - | - | | | | | | |
| Other LT Liabilities | C\$MM | 0.2 | 0.2 | 0.2 | | | | | | |
| Total Liabilities | C\$MM | 0.8 | 0.8 | 0.8 | | | | | | |
| S/Holder Equity | C\$MM | 6.7 | 11.5 | 9.4 | | | | | | |
| Total Liab. & S/Holder Equity | C\$MM | 7.5 | 12.3 | 10.2 | | | | | | |
| Working Capital | C\$MM | 0.6 | 3.8 | 0.3 | | | | | | |



Source: Company reports, Beacon estimates

Disclosure Requirements

Does Beacon, or its affiliates or analysts collectively, beneficially own 1% or more of any class of the issuer's equity securities? Yes No

Does the analyst who prepared this research report have a position, either long or short, in any of the issuer's securities? Yes No

Has any director, partner, or officer of Beacon Securities, or the analyst involved in the preparation of the research report, received remuneration for any services provided to the securities issuer during the preceding 12 months? Yes No

Has Beacon Securities performed investment banking services in the past 12 months and received compensation for investment banking services for this issuer in the past 12 months? Yes No

Was the analyst who prepared this research report compensated from revenues generated solely by the Beacon Securities Investment Banking Department? Yes No

Does any director, officer, or employee of Beacon Securities serve as a director, officer, or in any advisory capacity to the issuer? Yes No

Are there any material conflicts of interest with Beacon Securities or the analyst who prepared the report and the issuer? Yes No

Is Beacon Securities a market maker in the equity of the issuer? Yes No

This report makes reference to a recent analyst visit to the head office of the issuer or a site visit to an issuer's operation(s)? Yes No

Did the issuer pay for or reimburse the analyst for the travel expenses? Yes No

All information contained herein has been collected and compiled by Beacon Securities Limited, an independently owned and operated member of the Investment Industry Regulatory Organization of Canada (IIROC). All facts and statistical data have been obtained or ascertained from sources, which we believe to be reliable, but are not warranted as accurate or complete.

All projections and estimates are the expressed opinion of Beacon Securities Limited, and are subject to change without notice. Beacon Securities Limited takes no responsibility for any errors or omissions contained herein, and accepts no legal responsibility from any losses resulting from investment decisions based on the content of this report.

This report is provided for informational purposes only and does not constitute an offer or solicitation to buy or sell securities discussed herein. Based on their volatility, income structure, or eligibility for sale, the securities mentioned herein may not be suitable or available for all investors in all countries.

| As at December 31, 2020 | # Stocks | Distribution |
|-------------------------|-----------|--------------|
| Buy | 61 | 70% |
| Speculative BUY | 17 | 20% |
| Hold | 0 | 0% |
| Sell | 0 | 0% |
| Under Review | 7 | 8% |
| Tender | 2 | 2% |
| Total | 87 | 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

Dissemination

Beacon Securities distributes its research products simultaneously, via email, to its authorized client base. All research is then available on www.beaconsecurities.ca via login and password.

Analyst Certification

The Beacon Securities Analyst named on the report hereby certifies that the recommendations and/or opinions expressed herein accurately reflect such research analyst's personal views about the company and securities that are the subject of the report; or any other companies mentioned in the report that are also covered by the named analyst. In addition, no part of the research analyst's compensation is, or will be, directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this report.