

## Revival Gold Inc. (RVG-V)

### Final Assays From 2020 Drill Programme At Haidee

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Michael Curran, CFA

(416) 507-3950

[mcurran@beaconsecurities.ca](mailto: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	High		
	\$0.33	\$1.45		
Annual Estimates				
(C\$MM, except per unit)	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)	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				

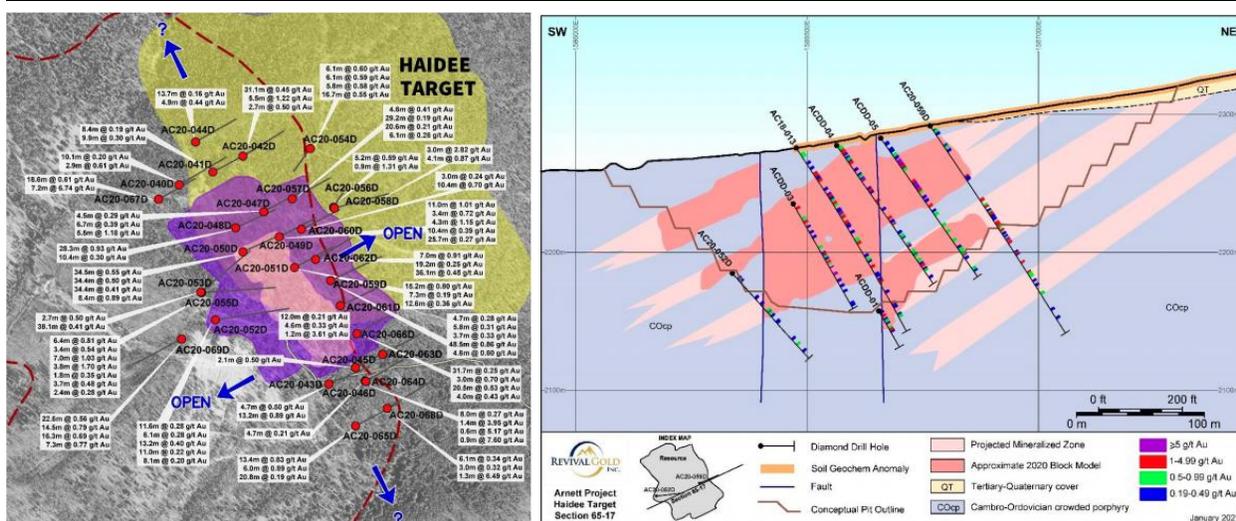
Revival Gold is a growth-focused gold exploration and development company. The main assets are the past-producing Beartrack Mine, and neighbouring Arnett Creek property, both in Idaho. **All figures in C\$ unless otherwise indicated.**



## 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**

	<u>Discount</u>		<u>Value</u> C\$M	<u>Per Share (C\$/sh)</u>		
	<u>Rate</u>	<u>Ownership</u>		<u>2021E</u>	<u>2022E</u>	<u>2023E</u>
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
<b>OPERATING ASSETS</b>			<b>\$228</b>	<b>\$1.62</b>	<b>\$1.69</b>	<b>\$1.77</b>
Working Capital			\$12	\$0.08	\$0.05	\$0.05
LT Debt (corporate only)			\$0	\$0.00	\$0.00	\$0.00
<b>CORPORATE ASSETS</b>			<b>\$12</b>	<b>\$0.08</b>	<b>\$0.05</b>	<b>\$0.05</b>
<b>NET ASSET VALUE</b>			<b>\$240</b>	<b>\$1.70</b>	<b>\$1.74</b>	<b>\$1.82</b>

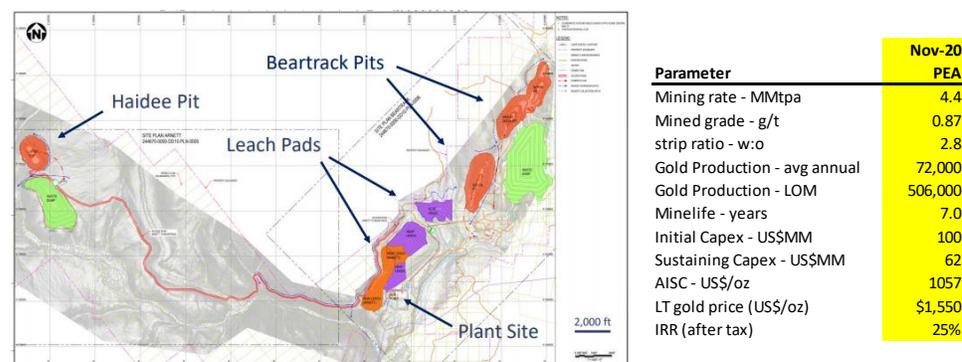
Source: Beacon Securities estimates

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.

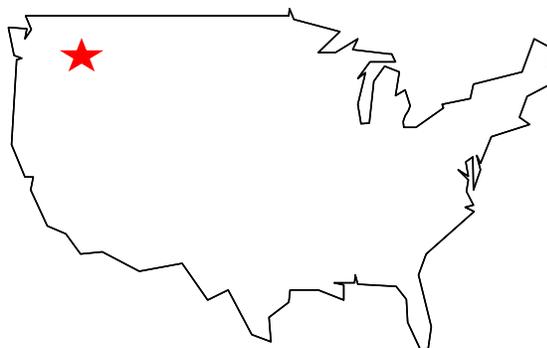
**Fig 3 Location Map (left) and PEA Parameters (right): Heap-Leach Mine**



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				
<b>INCOME STATEMENT</b>				<b>Management</b>		<b>Other Directors</b>				
		FY20	FY21e	FY22e						
Revenues	C\$MM	-	-	-	<b>Hugh Agro</b>	President/CEO/Director	Wayne Hubert - Chair			
Operating Costs	C\$MM	-	-	-	<b>Steve Priesmeyer</b>	VP-Exploration	Michael Mansfield			
EBITDA	C\$MM	(5.9)	(11.2)	(8.0)	<b>Adam Rochacewich</b>	VP & CFO	Donald Birak			
DD&A	C\$MM	-	-	-	<b>Peter Blakeley</b>	General Manager	Robert Chausse			
EBIT	C\$MM	(5.9)	(11.2)	(8.0)			Carmelo Marrelli Maura Lendon			
Interest Expense	C\$MM	(0.0)	-	-	<b>Options</b>	Avg. Price	<b>Warrants</b>	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)	-	-	<b>Recent Financings</b>					
Net Income (reported)	C\$MM	(5.7)	(11.2)	(8.0)	<b>Date</b>	<b>Amount</b>	<b>Price</b>	<b>Type</b>	<b>Warrant</b>	<b>Expiry</b>
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						
<b>EPS (operating)</b>	<b>\$/sh</b>	<b>(\$0.09)</b>	<b>(\$0.14)</b>	<b>(\$0.08)</b>						
P/E Multiple	x	n.m.	n.m.	n.m.						
Cash Flow (operating)	C\$MM	(5.1)	(10.2)	(7.0)						
<b>CFPS</b>	<b>\$/sh</b>	<b>(\$0.10)</b>	<b>(\$0.14)</b>	<b>(\$0.08)</b>						
P/CF Multiple	x	n.m.	n.m.	n.m.						
<b>BALANCE SHEET</b>										
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	-	-	-						
<b>Total Assets</b>	<b>C\$MM</b>	<b>7.5</b>	<b>12.3</b>	<b>10.2</b>						
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						
<b>Total Liab. &amp; S/Holder Equity</b>	<b>C\$MM</b>	<b>7.5</b>	<b>12.3</b>	<b>10.2</b>						
Working Capital	C\$MM	0.6	3.8	0.3						



Source: Company reports, Beacon estimates

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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

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