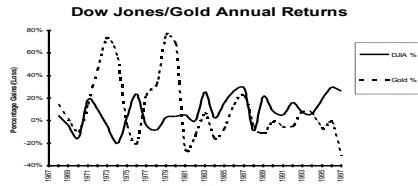




Gold



Energy & Tech Stocks

Weekly Hotline Message

(Now in our 36th Year)

June 23, 2017

New Coverage

U.S. Gold Corp.



Business: Exploration and development of the Keystone Gold Project in Nevada and the Copper King Project in Wyoming.

Trades NASDAQ:	USAU
Shares Outstanding:	12.7 million
Price 6/23/17:	\$3.03
Market Cap:	\$38.5 million
Cash:	~C\$7.5 million
Fully Diluted Shares:	12.7 million
Copper King Gold-Eq. Resource (all categories)*:	1,879,000 oz.
2012 Copper King PEA (\$1,100 gold/\$3.00 copper):	\$159.5 million
Progress Rating:	A-2
Telephone:	800-557-4550
Website:	http://www.usgoldcorp.gold/

*Following is the current 43-101 Gold/Copper Resource from the company's Copper King Project in Wyoming.

Measured and Indicated Resource:

class	Au-equiv. Cutoff	tons	tonnes	oz Au/ton	g Au/t	oz Au	% Cu	lbs Cu
Measured	0.015	0.51	15,130,000	0.018	0.62	272,000	0.199	60,120,000
Indicated	0.015	0.51	44,620,000	0.015	0.50	654,000	0.183	162,880,000
Total M+I	0.015	0.51	59,750,000	0.015	0.53	926,000	0.187	223,000,000

Inferred Resource:

class	Au-equiv. Cutoff	tons	tonnes	oz Au/ton	g Au/t	oz Au	% Cu	lbs Cu
Inferred	0.015	0.51	15,620,000	0.011	0.38	174,000	0.20	62,530,000

Chen Lin gets the credit for bringing this story to my attention. Through a reverse takeover of a floundering memory chip company named Dataram Corp., U.S. Gold Corp. has been reborn, although it is a birth that is virtually unnoticed. But behind the scenes two very substantial assets have been acquired by U.S. Gold Corp. Despite its 1,879,000 historical gold-equivalent ounces at the Copper King Gold-Copper Project in Wyoming, the highly prospective district scale gold prospect in Nevada, and a strong cash position, the company's current market cap is a shadow of its intrinsic value. This stock appears to be an extremely compelling and urgent buy at its current price.

The Copper King Project

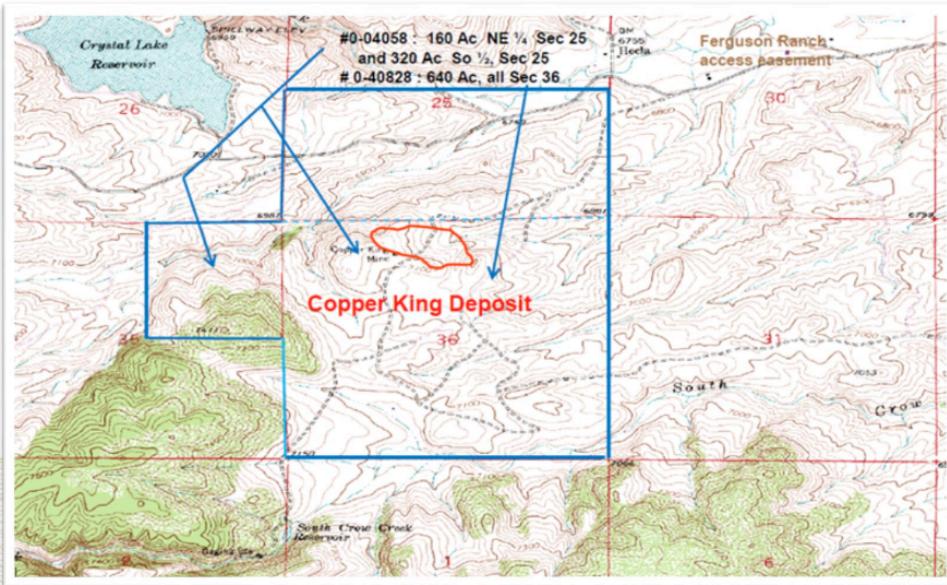


Copper King is a development stage gold and copper project located in southeast Wyoming, 20 miles west of Cheyenne. There has been extensive exploration of the Copper King Project. Since 1938, at least nine historic drilling campaigns by seven companies plus the U.S. Bureau of Mines have been conducted, with drilling by five different operators since 1970 confirming the mineralization. Copper King's deposit is open in several directions, signifying additional exploration upside to its current gold resource. The Copper King project is located entirely on state

land, making for a more streamlined permitting process to put the project into future production

Copper and gold mineralization at Copper King is associated with disseminated and minor fracture and vein-filling sulfide mineralization within a Proterozoic-age granodiorite intrusive body cut by numerous quartz monzonite and lamprophyre dikes. The Copper King deposit consists of a near-surface, central core of high-grade ($>1.71\text{g Au/t}$) mineralization, 175m long, 50m wide, and 150m thick, associated with moderate to pervasive silicification and near-vertical, thin sulfide-bearing quartz veins and stockwork. The high-grade core is surrounded by a large envelope of low-grade disseminated mineralization, 760m long along its $N60^{\circ}W$ strike, up to 300m wide at the widest part, and over 330m in thickness. The low-grade mineralization is open along strike, both to the northwest and southeast, and also at depth, where historic core holes have encountered mineralization to a depth of at least 305m.

Claims consists of 2 State leases with a total area of 1,120 acres



As of June 20, 2012, 120 drill holes totaling 18,105m exist in the Copper King deposit area. The drill total includes 62 core holes totaling 11,276m (62% of total drill footage), 30 conventional rotary holes totaling 3,383m, 23 reverse circulation "RC" holes totaling 2,219m, and 5 holes started with RC but finished with core that total 1,227m.

With the deposit open in several directions, U.S. Gold Corp has indicated it intends to continue expanding the 1.5-million-ounce resource and advance the project into production.

So before the end of this year we should be looking for an updated PEA to include updated cost inputs and the

assembly of a technical team to move the project toward production and initiate permitting strategy. Next year, laying the groundwork for local support and completion of a prefeasibility is on the schedule.

2012 Preliminary Economic Study (PEA)

In 2012 Mine Development Associates (MDA) prepared an updated technical report and a Preliminary Economic Assessment (PEA) for Strathmore Minerals Corp., which held this project at that time. The resource noted above was part of that PEA.

PEA Summary

- Base case estimated pre-tax Net Present Value (5% discount), including the 5% Wyoming State Royalty, of US\$159.5 million and internal rate of return of 31.2%, using US\$1,100/oz gold and US\$3.00/lb copper;
- Mine life (LOM) of 18 years by open-pit method, with an average processing rate of 10,000 tons/day using a flotation plant producing a gold-copper concentrate;
- Average annual production over the life of the mine is 38,655 ounces of gold and 10.47 million lbs of copper; Estimated initial base case capital cost, including contingencies, of ~US\$104.06 million. Payback 2.365 years.

This pretax PEA was used as its base case, a gold price of US\$1,100/oz and a base case copper price of US\$3.00 per pound is presented below. These prices are considerably below current market prices. Comparing the base case metal prices with the current metal prices was considered for this study but was not calculated because the increased price would not materially increase the resource estimate or the size of the optimized pit.

Whether a revised PEA based on the same nonfinancial project information as in 2012 will result in a greater or lesser valuation I won't hazard a guess at this point in time. Applying a current gold price of \$1,250 and a current copper price of \$2.60 provides leads to a top-line revenue growth of around \$22 million over a 10-year mine life. Also, in 2012, the commodities and materials markets were still rather strong, so costs may be lower now than at that time. My guess is that there won't be much of a difference in the economics between 2012 and now, but that kind of information will be helpful in working toward a prefeasibility in 2018.

Whatever the case, this is an advanced-stage project, but management believes it has great potential to become a lot larger with even better economics. Mineralization is still open laterally and at depth, and management believes that on a district scale the geology is not well understood. In fact, management has spotted two identical looking targets that have not received a drill hole and there is even outcropping mineralization on one of them also. So although this is an advanced-stage project, there may be some very good drill results that could drive this stock higher even as more mundane engineering and permitting activities are carried forward.

The bottom line from my perspective is that Copper King provides a value foundation that more than justifies the current very low market cap of this company as this story, which, at this early post-merger juncture, remains very much out of sight of even most professional mine share investors.

The Keystone Gold Project

With more upside exploration potential remaining for Copper King and with upcoming economics studies scheduled, there certainly are some share price drivers in place from that project. But the truly major upside during a bull market comes with exploration success. From that perspective, it is the Keystone Gold Project that I think is likely to provide the biggest upside potential for U.S.



Gold Corp.

The Keystone Project is located along the Cortez Gold Trend, which is one of the world's most highly-prospective mineral trends. It is 10 miles south of Barrick's Cortez Hills Mine Complex, which is one of that company's most profitable gold mines. The project was identified and recently consolidated by exploration geologist Dave Mathewson, a founder of Gold Standard Ventures, who helped discover the Railroad Project.

The project geology is an under-explored intrusive-centered, domed, permissive carbonate lower-plate window in the heart of Nevada gold country. This Tertiary age setting (~34 million years ago) is the ideal geological setting for the discovery of a large-scale Carlin-style gold deposit. It is certainly in a good address where the infrastructure is exceptional and where numerous 20+ million ounce deposits have been discovered.

Strong, widespread gold and pathfinder soil and rock geochemistry indicate that a large epithermal gold system is present. Yet, systematic modern-day, model-driven exploration has never been conducted on the property.

A major NNW-trending structure known as the Sr. 706 Crustal Fault is believed to be favorable for the development and emplacement of a gold-bearing hydrothermal system and gold deposits. The Keystone Property occurs along a strong north-northwest trending gravity and magnetic structure that also includes the Gold Bar Deposit to the southwest. The host rocks at Keystone include Devonian Horse Canyon and Wenban limestone formations, which are hosts to the multimillion-ounce Pipeline, Cortez, Cortez Hills, Red Hill, and Goldrush deposits to the north along the same trend.

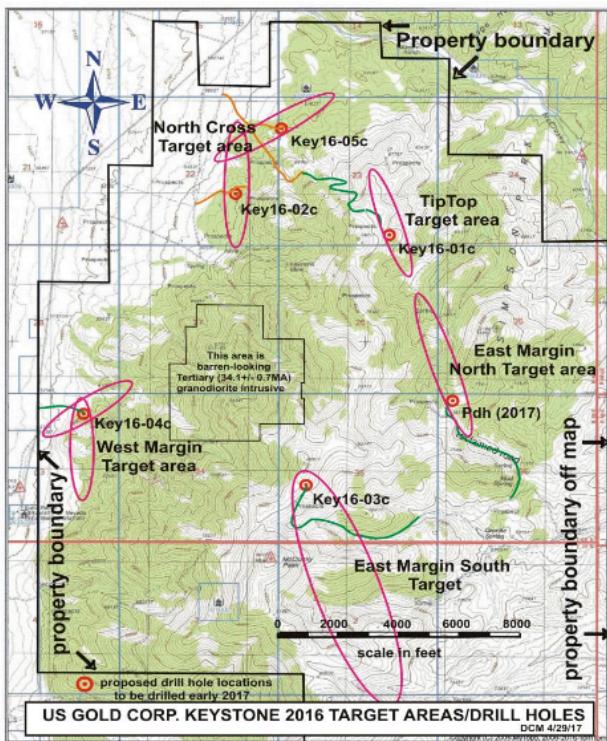
- K-5A 475-575' 100' 0.015 opt Au
- WK-81-1 0-60' 60' 0.010 opt Au
- WK-81-15 100-120' 20' 0.048 opt Au
- WK-88-2 70-250' 180' 0.015 opt Au
- WK-88-6 5-25' 20' 0.051 opt Au
- 89-2/90-1 410-695 285' 0.016 opt Au

So much for an impressive geological setting that appears ideal for hosting a major gold deposit. It's early days for exploration on this project but what we do know is that high-grade and thick intercepts of gold have been encountered, such as those shown in the chart on your left.

Geologist Dave Mathewson, who was in large part responsible for the Railroad Deposit discovery owned by Gold Standard Ventures and who was head of Newmont Nevada's exploration team from 1989 through 2001, stated that Keystone "*is the best exploration project I have seen in my career...reminds me of the Railroad Project on steroids.*"

During 2016 the company began exploration on this project. Since there were few if any core holes drilled in the past, it was necessary for management to drill some holes to learn of rock structure. **Five "scout" holes were drilled and management plans to drill one more "scout" hole this year toward the eastern part of the district** where management believes "*a quality gold deposit target opportunity is demonstrably emerging.*" Indeed on June 13, management announced that it staked an additional 12 claims (2,000 acres) bounding their existing claims to the east and southeast. The following conclusions were issued by management based on their findings from the 2016 drilling program:

1. Holes Key16-1c, Key16-3c, and Key16-5c encountered thick zones of alteration with anomalous gold and pathfinder geochemistry. Hole Key16-1, in particular, intersected an 800 foot thick,



permissive package of Wenban limestones that locally included flat-fabric breccias, i.e. dissolution collapse breccias, and nine, approximately flat-lying, individual dacitic sills within the 800 foot thick section; decalcification, sulfidation, and carbonization are also common in this 800 foot interval.

2. All the holes confirmed the presence of high-quality host units that are very similar, if not identical, in character and thickness to the host rocks that host the Cortez deposits to the northwest.
3. Early detailed, outcrop-scale geologic mapping further confirms the close similarities, in many respects, of the Keystone litho-stratigraphic setting to that of the Cortez district.
4. It is also evident that a very complex and probably long-lived Early Tertiary, Eocene, intrusive system exists at Keystone. Intrusive types range from mafic to very siliceous, and a considerable variety of textural characteristics, including eruptive flows and clastics, are also present.
5. All desired ingredients indicating a district with considerable gold potential are present at Keystone, and US Gold Corp. controls the mineral rights to the entire district.

In no way do I mean to suggest this is a slam-dunk exploration success. Nothing like that in this world exists. But it's nice to buy into an exploration play like this with an existing advanced-stage project that provides a foundation of value that more than justifies the current share price. With a very tight share structure through the end of this year and with this story soon to be told, I view the risk inherent in playing the Keystone exploration project as being very low for those who purchase these shares at their current price.

MANAGEMENT

Edward Karr, President, CEO, and Chairman is the founder of several investment management and investment banking firms based in Geneva, Switzerland and has been active in the natural resource industry for years. Mr. Karr was a Founder and currently serves on the Board of Directors of Pershing Gold Corp (PGLC _ Nasdaq). Mr. Karr is a Director and Chair of the Audit Committee of Levon Resources (LVN - TSX) In 2004, Futures Magazine named Mr. Karr as one of the world's Top Traders. He is a past contributor to CNBC and has been quoted in numerous financial publications. Mr. Karr worked for Prudential Securities in the United States and has been in the financial services industry for over twenty years.

Dave Mathewson, VP, Head of Exploration is a geologist-explorer with 35 years of exploration experience in Nevada alone. Notable discoveries made while Head of Newmont Nevada's Exploration team from 1989 through 2001 include: Tess, Northwest Rain, Saddle and South Emigrant in the Rain mining district. From 1999-2001 Mathewson-led team made important deposit extension discoveries at Newmont's Gold Quarry and Mike deposits. Most recently his work at Gold Standard Ventures led to the consolidation of the Railroad-Pinion district and the North Bullion & Bald Mountain discoveries.

Luke Norman, Co-Founder, & Corp. Development is a seasoned growth executive with over 15 years of experience in the venture capital markets. He has been responsible for the direct capital raises in excess of \$300 million. Luke began his career at Ord O'Connor Grieve, New Zealand then worked for four years with Canaccord Cappital Corp before moving on to the private investment industry. In recent years Luke has operated a consultancy company to the meals and mining industry. He co-founded Gold Standard Ventures Corp. a NYSE listed company.

Neil Whitmer, Operations Manager joined Gold Standard Ventures in 2012. He advises Gold Standard in operational and regulatory matters relating to acquisition, due diligence, title review, permitting and maintenance of mineral and surface rights required to support exploration. He is experienced in land acquisition and lease agreements, as well as permitting projects on public and private property with state and federal agencies. He also enjoys going to the field and hitting the outcrops when time allows. Prior to joining Gold Standard, Mr. Whitmer practiced law in Colorado for four years. He acquired a Bachelor of Science degree in geology from Indiana

University in 2002 and a Master of Science degree in geology from the University of Tennessee in 2005. He earned his Juris Doctorate from Michigan State University College of Law in 2008. Mr. Whitmer is admitted to practice law in Colorado and Nevada.

BOARD OF DIRECTORS

Edward Karr, President, CEO, and Chairman – See above.

Dave A. Moylan, Director is President of Dataram Corporation. Mr. Moylan was previously a Partner at Yenni Capital, Inc., a private equity firm from 2013 through 2015. Mr. Moylan was a Managing Director with the Corporate Executive Board ("CEB"), the world's leading member-based advisory company, from 2010 to 2012. From 2008 through 2010, Mr. Moylan served as Vice President and Division COO for the Global Client Development Division at LexisNexis where he led operations and customer experience efforts and managed the Consulting and Training Services business. He also built a digital agency that delivered on-line marketing solutions to more than 13,000 customers and generated more than \$40 million in annual revenue. In 2007, he was CEO of BK Global Ltd where he oversaw the growth of the business and its merger with another entity. From 2003 through 2007 he was an Executive Director at America Online ("AOL") where he led numerous cross-functional efforts that planned and delivered web and client-based technology products to consumers. Prior to AOL, Mr. Moylan was a consultant with PricewaterhouseCoopers LLP and at A.T. Kearney, helping companies across multiple industries and continents grow their businesses and transform their business models. He is a former U.S. Army officer who served with the 101st Airborne Division (Air Assault), a graduate of the University of Vermont, and holds an MSIA (MBA) from Carnegie Mellon's business school.

Timothy M. Janke, Director is a seasoned mining professional with nearly four decades experience in mining engineering and operations and a proven track record in leading teams to succeed in mine startups. He was formerly COO for AuEx Ventures, Inc. where he was responsible for operations planning and development of the Long Canyon Project. His extensive Nevada operational experience includes holding the position of General Manager at the Marigold, Florida Canyon, Ruby Hill, and Pinson mines as well as Special Projects Engineer at the Round Mountain Mine.

James Dale Davidson, Director has been a member of S.A.C.S. OF Beaverton LLC since 2015, Founding Director of Vamos Holdings since 2012, Director of Solar Avenir since 2016, Founding Director of Telometrix since 2016, and Founding Managing Member of Goldrock Resources, LLC since 2016. Mr. Davidson first became active in the mining business after his forecast of the collapse of the Soviet Union was bore out. After several small successes, Davidson teamed with Richard Moores in 1996 to launch Anatolia Minerals with an initial capital of \$800,000. At its peak, the company attained a market cap of \$3.5 billion. Davidson, a graduate of Oxford University, has had a successful career as a serial entrepreneur. He is the author of *Blood in the Streets: Investment Profits in a World Gone Mad*, *The Great Reckoning: Protect Yourself in the Coming Depression* and *The Sovereign Individual (all with Lord William Rees-Mogg)* and *Brazil is the New America*, *The Age of Deception*, and *The Breaking Point*.

John R. Braca, Director is a financial executive with a strong track record in accounting, audit committee, portfolio management, venture capital fundraising, as well as financial and operational management. He has served as a Director and board observer for development companies over the course of his career. Mr. Braca has also served as an active member of both Audit and Compensation Committees for both public and private companies and has led several of the public companies as the Chairman of the Audit Committee. Mr. Braca has been a Director of Sevion Therapeutics since October 2003. Since April 2013, Mr. Braca has been the President and sole proprietor of JNB Consulting, which provides strategic business development counsel to high growth companies. From August 2010 through April 2013, Mr. Braca had been the executive director controller for Iroko Pharmaceuticals. From May 2005 through March 2006, Mr. Braca was also consultant and advisor to GlaxoSmithKline management in their research operations. From 1997 to April 2005, Mr. Braca was a general partner and director of business investments for S.R. One, Limited, the venture capital subsidiary of GlaxoSmithKline. Mr. Braca is a licensed Certified Public Accountant (CPA) in the state of Pennsylvania and is affiliated with the American Institute of Certified Public

Accountants and the Pennsylvania Institute of Certified Public Accountants. Mr. Braca received a Bachelor of Science in Accounting from Villanova University and a Master of Business Administration in Marketing from Saint Joseph's University.

THE BOTTOM LINE

This is a very simple value proposition with enormous upside potential from two properties. The bluest of blue sky is present in the Keystone Project, but the “bird in the hand” is the Copper King Project, where a gold-equivalent resource of 1,879,000 gold-equivalent ounces (all categories) has been established. The 2013 PEA calculated at \$1,100 gold and \$3.00 copper revealed an IRR of 31.2% and a 5% discounted NPV of US\$159.5 million. That compares with the company’s current market cap of under US\$20 million. That doesn’t factor in the likely potential of enhanced economics from a likely expansion of the gold and copper mineralization at Copper King, or the really big blue sky potential at the Keystone Project or nearly US\$5 million in cash, which is sufficient to fund the company’s exploration efforts through the end of this year.

Chen jumped on this stock and once I realized the value of its Copper King Project, I felt compelled to quickly pick up some for my own account. The tech players who own the stock are not understanding the value this company has locked away and thus are selling their shares at this point in time. Once those shares are gone, I believe a quick double or triple is possible if not probable. I rest my case.

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