

Resources

U.S. Gold Corp. | USAU - \$2.39 - NASDAQ | Buy

Company Update

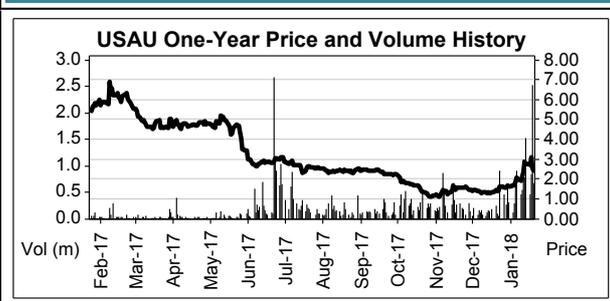
Estimates Changed

Stock Data	
52-Week Low - High	\$1.05 - \$6.40
Shares Out. (mil)	14.21
Mkt. Cap.(mil)	\$34.0
3-Mo. Avg. Vol.	368,707
12-Mo.Price Target	\$3.00
Cash (mil)	\$4.3
Tot. Debt (mil)	\$0.0

USAU reports on an April fiscal year end.

EPS \$						
Yr Apr	—2017—		—2018E—		—2019E—	
			Curr	Prev	Curr	Prev
1Q	(1.75)A	(1.00)A	(1.00)A	-	-	-
2Q	(0.28)A	(0.11)A	(0.22)E	-	-	-
3Q	(0.50)A	(0.11)E	(0.11)E	-	-	-
4Q	(0.64)A	(0.09)E	(0.08)E	-	-	-
YEAR	(2.70)A	(1.04)E	(1.11)E	(0.22)E	(0.21)E	-
P/E	NM	NM	NM	NM	NM	NM

Revenue (\$ millions)				
Yr Apr	—2017—		—2019E—	
			Curr	Curr
1Q	4.9A	0.0A	-	-
2Q	4.7A	0.0A	-	-
3Q	3.5A	0.0E	-	-
4Q	4.3A	0.0E	-	-
YEAR	17.4A	0.0E	0.0E	0.0E



USAU: Announces \$5 Million Financing; Update CK PEA

On January 18, 2018, USAU announces a \$5.0 million registered direct offering to fund the remainder of fiscal 2018 activities. Additionally, on January 11, 2018, the company released the results of an updated PEA on its Copper King project. However, we continue to believe the major catalyst for USAU will be drill results in the coming weeks. Thus, we are maintaining our Buy rating and \$3.00 price target.

- Financing should fund remainder of 2018.** On January 18, 2018, U.S. Gold Corp. announced a \$5.0 million registered direct offering comprised of Series E preferred stock (convertible into 2.5 million common shares) and 1.25 million warrants. We believe this financing should fund the remainder of the company's fiscal 2018 exploration program. Additionally, we note that we previously anticipated an equity raise of \$5-6 million before the end of fiscal 2018. Thus, this announcement had a minimal impact on our valuation of USAU.
- PEA demonstrates impact of improved pricing.** On January 11, 2018, the company provided the results of an updated PEA on its Copper King asset. /The updated PEA demonstrated a small increase in capex and a significant increase in NPV with a new estimated NPV of \$178.5 million, in our view. We had previously stated that we believed updating the PEA to current commodity prices could result in an NPV closer to \$200 million and we believe this update confirms that view. We note that the pricing used in the PEA was still somewhat below current price levels.
- Drill results remain key catalyst.** As stated above, the announced financing had no material impact on our valuation of USAU as we previously anticipated a financing of this magnitude. Additionally, we continue to view Copper King as providing a floor value to the company, but saw no reason to update our estimates at this time as there were no major changes in the revised PEA. We continue to believe the company's pending drill results will provide a much more significant catalyst than these two announcements. Thus, we are maintaining our Buy rating and \$3.00 price target.

VALUATION

We base our valuation of USAU on a 9% DCF on free cash flow to equity. We elected to use a 9% discount rate as the company's Copper King asset is at the PEA stage and the exact timing of a potential startup is still uncertain. Our DCF returns a value of \$145 million to which we subtract \$1.4 million in net debt at year end fiscal 2017 (we note the debt at that time was part of the Dataram business and will be eliminated as part of the asset sale). We also add our \$25 million valuation for Keystone to arrive at a total value of \$169 million. We divide this by an estimated future fully diluted share count of 56 million to arrive at our \$3.00 price target. Based on the value potential of the company, we believe USAU is significantly undervalued. As such, we are maintaining our Buy rating.

Factors that could impede USAU's ability to reach our price target include, but are not limited to: unanticipated dilutive transactions, poor drill results, underperformance of key metals prices, negative financial study outcomes, and other unforeseeable events.

RISKS

- **Political risk.** Natural resource companies are subject to significant political risk. Although most mining jurisdictions have known laws, potential exists for these laws to change. As an early stage exploration company focused on U.S. assets, USAU has less political risk than similar stage assets in less established jurisdictions.
- **Commodity price risk.** All natural resource companies have some form of commodity price risk. This risk is not only related to final products but, can also be in regards to input costs and substitute goods. U.S. Gold's most significant commodity price risk is to gold, but the company also has risk to copper prices and to a lesser extent the price of inputs such as energy prices.
- **Operational and technical risk.** Natural resources companies have significant operational and technical risks. Despite completing NI 43-101 compliant (or similar) resource estimates, deposits can still vary significantly compared to expectations. Additionally, numerous unforeseeable issues can occur with operations and exploration activities. USAU's most significant technical risk is to the potential to not make a significant discovery at Keystone and to a lesser extent metallurgical developments at Copper King.
- **Market risk.** Although most natural resource companies are more closely tied to individual commodity price performance, large business cycle forces or economic crises can impact a company's valuation significantly. U.S. Gold has similar market risk to other early stage exploration companies.

Cautionary Note to US Investors: Estimates of Measured, Indicated and Inferred Resources

"Measured Mineral Resources" and "Indicated Mineral Resources." US investors are advised that although these terms are required by Canadian regulations, the US Securities and Exchange Commission (SEC) does not recognize them, and describes the equivalent as "Mineralized Material." US investors are cautioned not to assume that these terms are any form of guarantee.

"Inferred Mineral Resources." US Investors are advised that while this term is required by Canadian regulations, the SEC does not recognize it. "Inferred Mineral Resources" are not delineated with a great deal of certainty and should not be considered likely to be brought into production in whole or in part.

COMPANY DESCRIPTION

U.S. Gold Corp., formerly Dataram Corporation, is a United States focused gold exploration and development company. The Company operates projects in Nevada and Wyoming. The Company's projects include Keystone, Gold Bar North and Copper King. Keystone is located on the prolific Cortez Gold Trend mineral trends. Gold Bar North is a gold exploration property located in Eureka County, Nevada. Copper King project is an advanced-stage gold and copper exploration and development project located in southeast Wyoming, 20 miles west of Cheyenne. *Source: Eikon as of 11/17/2017*

Amounts in USD	USAU Key Estimates					2018E	2019E
	2017A	1Q18A	2Q18A	3Q18E	4Q18E		
Revenue	17.4	-	-	-	-	-	-
Operating Costs	19.2	3.2	1.7	1.5	1.5	7.9	6.5
Operating Income	(1.8)	(3.2)	(1.7)	(1.5)	(1.5)	(7.9)	(6.5)
Finance and Other	0.1	-	-	0.0	0.0	0.1	-
Pretax Income	(1.9)	(3.2)	(1.7)	(1.5)	(1.5)	(7.9)	(6.5)
Taxes	-	-	-	-	-	-	-
Net Income	(1.9)	(3.2)	(1.7)	(1.5)	(1.5)	(7.9)	(6.5)
Basic EPS	(\$2.70)	(\$1.00)	(\$0.11)	(\$0.11)	(\$0.09)	(\$1.04)	(\$0.22)
FD EPS	(\$2.70)	(\$1.00)	(\$0.11)	(\$0.11)	(\$0.09)	(\$1.04)	(\$0.22)
Basic Shares	0.9	9.3	12.8	14.1	16.6	13.2	29.1
FD Shares	0.9	9.3	12.8	15.3	19.1	14.1	31.6
CFPS	(\$0.22)	(\$2.97)	(\$0.73)	(\$0.84)	(\$0.84)	(\$5.38)	(\$5.70)
FCF to Equity	0.3	(2.5)	1.6	4.6	(0.8)	2.9	(0.7)

Source: SEDAR Filings and ROTH Capital Partners

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Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 01/21/18	
			Count	Percent
Buy [B]	226	68.90	118	52.21
Neutral [N]	44	13.41	19	43.18
Sell [S]	4	1.22	2	50.00
Under Review [UR]	53	16.16	31	58.49

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Neutral: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

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