

Resources

U.S. Gold Corp. | USAU - \$1.27 - NASDAQ | Buy

Company Update

Estimates Changed

Stock Data

52-Week Low - High	\$1.05 - \$3.27
Shares Out. (mil)	17.62
Mkt. Cap.(mil)	\$22.4
3-Mo. Avg. Vol.	89,578
12-Mo.Price Target	\$2.75
Cash (mil)	\$7.6
Tot. Debt (mil)	\$0.0

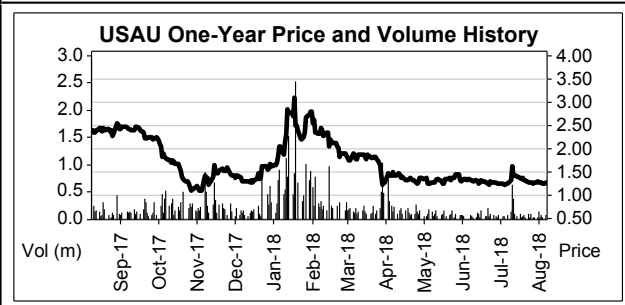
USAU reports on an April fiscal year end.

EPS \$

Yr Apr	—2017—		—2018—		—2019E—	
			Curr	Prev	Curr	Prev
1Q	(1.75)A	(1.00)A	(1.00)A	(1.07)E	--	--
2Q	(0.28)A	(0.11)A	(0.11)A	(0.07)E	--	--
3Q	(0.50)A	(0.12)A	(0.11)E	(0.09)E	--	--
4Q	(0.64)A	(0.07)A	(0.09)E	(0.10)E	--	--
YEAR	(2.70)A	(1.14)A	(1.04)E	(0.33)E	(0.22)E	(0.22)E
P/E	NM	NM	NM	NM	NM	NM

Revenue (\$ millions)

Yr Apr	—2017—		—2018—		—2019E—	
			Curr	Curr	Curr	Curr
1Q	4.9A	0.0A	0.0A	0.0E	0.0E	0.0E
2Q	4.7A	0.0A	0.0A	0.0E	0.0E	0.0E
3Q	3.5A	0.0A	0.0A	0.0E	0.0E	0.0E
4Q	4.3A	0.0A	0.0A	0.0E	0.0E	0.0E
YEAR	17.4A	0.0A	0.0A	0.0E	0.0E	0.0E



USAU: Key Drilling Season Ahead

On August 7, 2018, USAU provided an update on its Copper King exploration program. The company also has a significant exploration program planned for Keystone later this year. We believe this year is a pivotal year for USAU as it looks to grow its resource base at Copper King and make a significant discovery at Keystone. Thus, we are maintaining our Buy rating and \$2.75 price target.

Keystone drill program needs to produce results. We believe this year's planned drill program at Keystone will have a significant impact on the project's future. We note that thus far, the company has only been able to conduct scout hole drilling as it has been limited in the amount of surface disturbance per year. However, the company began an EA study in 2017, which we believe will lead to increased drilling activity later this year. Once the company is able to increase drilling rates, it will need to make a discovery at Keystone in order to justify future years of exploration, in our opinion. However, we note that any discovery at keystone could provide a significant positive catalyst for the company, in our view.

Copper King resource growth to determine development timeline. On August 7, 2018, USAU announced that its Phase one drill program at CK was underway and that the company intended to complete 10 holes totaling 10,000 feet at the project. We believe initial results from this drill program could be available in the next two months and that the outcome of this drill program is likely to determine the development path of the project. Currently, we estimate the project could be in production during fiscal 2021, but note any resource expansion could delay this timeline as the company would need to reassess its mine plan. However, this would also likely lead to improved project economics and thus, we would view this as a positive development.

Maintaining rating and target. We have updated our estimates to provide quarterly estimates for 2019 and to update 2018 results. We have also pulled our DCF model forward to fiscal 2019. However, we have not seen any developments that would justify a change in our valuation. Thus, we are maintaining our Buy rating and \$2.75 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 \$163 million to which we add \$7.6 million in cash at year end fiscal 2018. We also add our \$10 million valuation for Keystone to arrive at a total value of \$180 million. We divide this by an estimated future fully diluted share count of 63 million to arrive at our \$2.75 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*

USAU Key Estimates

Amounts in USD	2017A	1Q18A	2Q18A	3Q18A	4Q18A	2018A	1Q19E	2Q19E	3Q19E	4Q19E	2019E
Revenue	17.4	-	-	-	-	-	-	-	-	-	-
Operating Costs	19.2	3.2	1.7	1.8	1.6	8.3	1.2	1.2	2.0	2.1	6.5
Operating Income	(1.8)	(3.2)	(1.7)	(1.8)	(1.6)	(8.3)	(1.2)	(1.2)	(2.0)	(2.1)	(6.5)
Finance and Other	0.1	-	-	-	0.0	0.0	-	-	-	-	-
Pretax Income	(1.9)	(3.2)	(1.7)	(1.8)	(1.6)	(8.3)	(1.2)	(1.2)	(2.0)	(2.1)	(6.5)
Taxes	-	-	-	-	(0.4)	(0.4)	-	-	-	-	-
Net Income	(1.9)	(3.2)	(1.7)	(1.8)	(1.2)	(7.8)	(1.2)	(1.2)	(2.0)	(2.1)	(6.5)
Basic EPS	(\$2.70)	(\$1.00)	(\$0.11)	(\$0.12)	(\$0.07)	(\$1.14)	(\$0.07)	(\$0.07)	(\$0.09)	(\$0.10)	(\$0.33)
FD EPS	(\$2.70)	(\$1.00)	(\$0.11)	(\$0.12)	(\$0.07)	(\$1.14)	(\$0.07)	(\$0.07)	(\$0.09)	(\$0.10)	(\$0.33)
Basic Shares	0.9	9.3	12.8	14.4	17.0	13.4	17.6	17.6	21.6	21.6	19.6
FD Shares	0.9	9.3	12.8	14.4	17.0	13.4	20.8	20.8	26.8	26.8	23.8
CFPS	(\$0.22)	(\$2.97)	(\$1.38)	(\$1.91)	(\$0.72)	(\$6.99)	(\$0.95)	(\$0.95)	(\$1.75)	(\$1.85)	(\$5.49)
FCF to Equity	0.3	(2.5)	1.0	3.0	(0.7)	0.8	(0.9)	(0.9)	3.3	(1.8)	(0.5)

Source: SEDAR Filings and ROTH Capital Partners

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Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 08/07/18	
			Count	Percent
Buy [B]	260	72.42	139	53.46
Neutral [N]	49	13.65	27	55.10
Sell [S]	5	1.39	2	40.00
Under Review [UR]	43	11.98	23	53.49

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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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