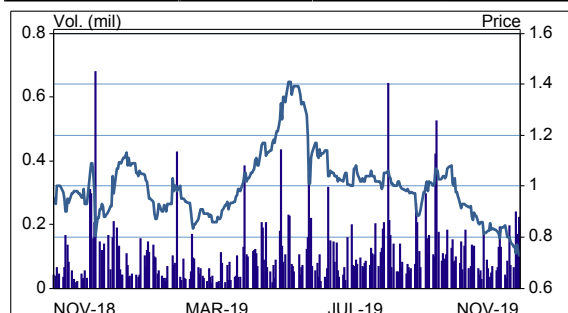


U.S. Gold Corp. (USAU)
Rating: Buy

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Newly Discovered System at Keystone; Geologic Overlaps With Cove-McCoy Project; Reiterate Buy

Stock Data		11/15/2019	
Price		\$0.73	
Exchange		NASDAQ	
Price Target		\$2.70	
52-Week High		\$1.53	
52-Week Low		\$0.70	
Enterprise Value (M)		\$14	
Market Cap (M)		\$17	
Shares Outstanding (M)		23.3	
3 Month Avg Volume		120,021	
Short Interest (M)		0.23	
Balance Sheet Metrics			
Cash (M)		\$3.5	
Total Debt (M)		\$0.0	
Total Cash/Share		\$0.15	
General: In May 2017, privately held U.S. Gold Corp. merged with publicly traded Dataram--historic 2017 financials remain under Dataram's name. See SEC docs for further clarification.			
EPS Diluted			
Full Year - Dec	2019A	2020E	2021E
FY	(0.44)	(0.28)	(0.28)
Revenue (\$M)			
Full Year - Dec	2019A	2020E	2021E
FY	0.0	0.0	0.0


FY19 drilling returns extensive intervals of gold mineralization.

On November 12, 2019, U.S. Gold Corp. reported assays from six reverse circulation (RC) holes and one diamond drill hole at its Keystone property in Nevada. USAU's FY19 exploration program consisted of 13,177 feet (4,016 meters) of drilling, and we note that five of the seven total holes intersected significant gold grades. In short, the recent drilling program has proven to be one of the most successful exploration efforts to date at Keystone, with results ultimately underscored by the Nina Skarn system.

Proof of strong mineralizing system. The exploration program tested multiple portions of the Keystone property, including the Sophia, Tip Top, and Sophia South targets. In particular, we emphasize results from the Nina Skarn target, given not only the extensive mineralization observed in drilling, but also the favorable rock assemblages in which this mineralization occurs. As an example, Key19-05rc at Nina Skarn returned 67.06 meters (m) of 0.194 grams per tonne (gpt) gold, starting at only 12.20 m from surface, followed by a second 76.20 m interval containing 0.224 gpt gold to a depth of 225.60 m. We emphasize that Key19-05rc is the only drill hole from this area of Keystone, and that the management team believes the target could be open in all directions.

Cove-McCoy deposit serves as a possible geologic analog to the Nina Skarn. Within the Keystone property, both the Walti and Mud Springs intrusions may have played an integral role in the generation of the Nina Skarn and, ultimately, an associated Carlin-type deposit. Notably, these intrusive bodies are believed to be of the same age as those seen at the McCoy skarn, which is classified as an oxidized skarn just like Keystone. We further highlight that various geochemical characteristics of the Keystone intrusives line up quite well with those seen at the Cove-McCoy project.

We reiterate our Buy rating and our PT of \$2.70 per share. We have made some minor tweaks to our valuation, including moving our model forward to FY20, which ultimately led to an unchanged price target when combined. Our valuation remains based on a DCF analysis for the Copper King project, utilizing an unchanged 12% discount rate, which is in-line with similar development projects in other top tier mining jurisdictions. Our DCF analysis results in a valuation for Copper King of \$46.6M, or \$1.72 per share. We add a total of \$22.0M for the Keystone project and USAU's other assets, in addition to \$3.5M of cash, to achieve our overall firm NAV of \$2.67 per share. We round this figure to the nearest \$0.10 to arrive at our \$2.70 per share PT. Given the recent advancements at Keystone, we recognize that its associated value could prove to be conservative, especially if U.S. Gold continues to expand upon the aforementioned results.

Risks. Commodity price risk; operating and technical risk; financial risk.

			2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035													
Copper King																															
Tons ('000s)			-	-	-	-	-	-	2,000	3,318	3,383	3,660	3,650	3,650	3,650	3,660	3,650	3,650													
Gold grade (oz/t)			-	-	-	-	-	-	0.033	0.028	0.026	0.016	0.022	0.013	0.010	0.012	0.013	0.015													
Gold recovery (%)			-	-	-	-	-	-	60.8%	70.9%	71.3%	71.6%	74.2%	70.4%	77.3%	74.5%	75.9%	74.5%													
Gold production ('000's oz)			-	-	-	-	-	-	40.1	65.9	62.7	41.9	59.6	33.4	28.2	32.7	36.0	40.8													
Gold price			\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500													
Copper grade (%)			-	-	-	-	-	-	0.27%	0.25%	0.23%	0.21%	0.22%	0.19%	0.15%	0.17%	0.18%	0.19%													
Copper recovery (%)			-	-	-	-	-	-	34.6%	78.8%	77.3%	75.7%	82.5%	74.2%	86.7%	87.0%	86.7%	85.4%													
Copper production ('000s lbs)			-	-	-	-	-	-	3,741	13,069	12,034	11,636	13,257	10,290	9,490	10,831	11,387	11,851													
Copper price			\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75													
Gold equivalent production			-	-	-	-	-	-	47.0	89.9	84.8	63.2	83.9	52.3	45.6	52.6	56.9	62.5													
Revenue in '000s \$																															
Revenue from Gold			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,201	\$ 98,850	\$ 94,050	\$ 62,850	\$ 89,400	\$ 50,100	\$ 42,300	\$ 49,050	\$ 54,000	\$ 61,200													
Revenue from Copper			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,288	\$ 35,940	\$ 33,093	\$ 32,000	\$ 36,455	\$ 28,296	\$ 26,097	\$ 29,784	\$ 31,313	\$ 32,590													
Gross Revenue			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,489	\$ 134,790	\$ 127,143	\$ 94,850	\$ 125,855	\$ 78,396	\$ 68,397	\$ 78,834	\$ 85,313	\$ 93,790													
Smelter Payable %	@	95.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,010)	\$ (4,943)	\$ (4,703)	\$ (3,143)	\$ (4,470)	\$ (2,505)	\$ (2,115)	\$ (2,453)	\$ (2,700)	\$ (3,060)													
	@	96.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (412)	\$ (1,438)	\$ (1,324)	\$ (1,280)	\$ (1,458)	\$ (1,132)	\$ (1,044)	\$ (1,191)	\$ (1,253)	\$ (1,304)													
Concentrate Smelting & Transportation	@	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,115)	\$ (4,044)	\$ (3,814)	\$ (2,846)	\$ (3,776)	\$ (2,352)	\$ (2,052)	\$ (2,365)	\$ (2,559)	\$ (2,814)													
Net Revenue			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,953	\$ 124,366	\$ 117,302	\$ 87,582	\$ 116,151	\$ 72,407	\$ 63,186	\$ 72,825	\$ 78,801	\$ 86,612													
Cash cost per ton (Includes Mining, Processing, G&A and Reclamation)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15.6	\$ 14.8	\$ 14.6	\$ 13.0	\$ 13.6	\$ 14.7	\$ 13.6	\$ 13.5	\$ 13.7	\$ 13.4													
Total operating costs			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (31,100)	\$ (49,171)	\$ (49,431)	\$ (47,726)	\$ (49,567)	\$ (53,619)	\$ (49,458)	\$ (49,556)	\$ (50,042)	\$ (48,983)													
Wyoming Royalty	@	5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,330)	\$ (4,816)	\$ (4,436)	\$ (2,930)	\$ (4,369)	\$ (1,926)	\$ (1,586)	\$ (2,089)	\$ (2,386)	\$ (2,834)													
Operating cash flow			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,523	\$ 70,379	\$ 63,434	\$ 36,926	\$ 62,215	\$ 16,863	\$ 12,143	\$ 21,180	\$ 26,373	\$ 34,795													
CapEx ('000s)			\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (5,000)	\$ (111,080)	\$ (4,786)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (17,320)	\$ (4,786)	\$ (250)	\$ (250)													
AISC per AuEq oz			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 764	\$ 550	\$ 586	\$ 759	\$ 594	\$ 1,031	\$ 1,464	\$ 1,034	\$ 884	\$ 787													
Tax / tax rate (in '000's)	@	21.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,269)	\$ (7,702)	\$ (13,013)	\$ (3,489)	\$ 1,087	\$ (3,443)	\$ (5,486)	\$ (7,254)													
Free cash flow			\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (5,000)	\$ (111,080)	\$ 26,737	\$ 70,129	\$ 49,916	\$ 28,974	\$ 48,953	\$ 13,125	\$ (4,090)	\$ 12,951	\$ 20,638	\$ 27,291													
Cash flow discount rate		12.0%	-	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15													
PV of cash flow			\$ (1,500)	\$ (1,339)	\$ (1,196)	\$ (1,068)	\$ (3,178)	\$ (63,030)	\$ 13,546	\$ 31,723	\$ 20,160	\$ 10,448	\$ 15,761	\$ 3,773	\$ (1,050)	\$ 2,968	\$ 4,223	\$ 4,986													
Note 1: No taxes in 2025 and 2026 due to NOL's from CapEx																															
Note 2: Model assumes mine life through 2041. Due to space constraints, all years post-2034 have been hidden, but cash flow is included in NAV estimate.																															
Total current cash flow	\$		46,557	\$ 1.72 per share																											
Cash & equivalents (USD)	\$		3,539	<i>As of Jul. 31, 2019</i>																											
Value for Keystone and other assets (Including \$2M for Orevada)	\$		22,000																												
Debt	\$		-																												
Total current value (USD)	\$		72,096																												
Common Shares Outstanding			23,322	<i>As of Sept. 13, 2019</i>																											
Options			438	<i>As of Jul. 31, 2019</i>		<i>Excludes options with an exercisable price exceeding \$1.50</i>																									
Warrants			3,291	<i>As of Jul. 31, 2019</i>		<i>Excludes warrants with an exercisable price exceeding \$1.50</i>																									
Fully Diluted Shares outstanding			27,051																												
U.S. Gold NAV per share	\$		2.67																												
Rounded (\$0.10) price target	\$		2.70																												
USAU share price	\$		0.72	<i>As of Nov. 15, 2019</i>																											
% discount to NAV			73.0%																												
<i>Source: H.C. Wainwright & Co. estimates.</i>																															

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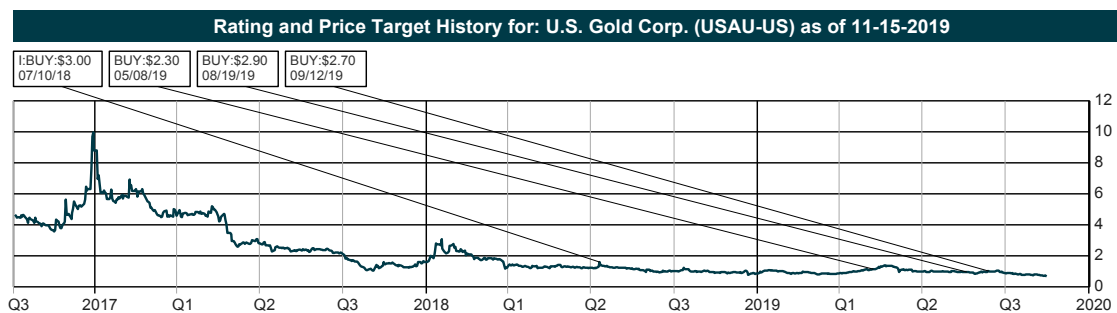
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Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	379	91.99%	125	32.98%
Neutral	31	7.52%	4	12.90%
Sell	0	0.00%	0	0.00%
Under Review	2	0.49%	2	100.00%

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