

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

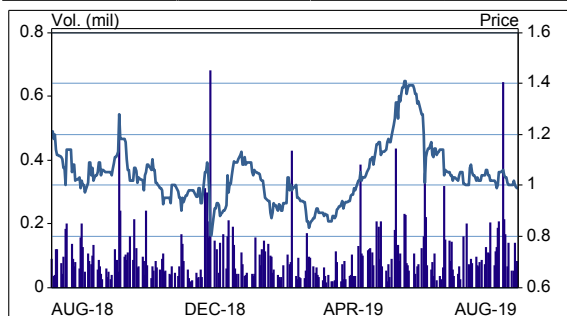
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FY19 Drill Program at Keystone; Revised Commodity Price Deck; Reiterate Buy; PT Higher

Stock Data		08/16/2019
Price		\$0.99
Exchange		NASDAQ
Price Target		\$2.90
52-Week High		\$1.53
52-Week Low		\$0.74
Enterprise Value (M)		\$19
Market Cap (M)		\$21
Shares Outstanding (M)		19.9
3 Month Avg Volume		116,475
Short Interest (M)		0.57

Balance Sheet Metrics		
Cash (M)		\$2.2
Total Debt (M)		\$0.0
Total Cash/Share		\$0.11

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	2018A	2019E	2020E
FY	(0.67)	(0.39)	(0.39)
Revenue (\$M)			
Full Year - Dec	2018A	2019E	2020E
FY	0.0	0.0	0.0



Commencement of FY19 drill program at Keystone. On July 30, 2019, U.S. Gold began the first phase of targeted drilling at its Keystone project in Nevada. We note that the program is expected to consist of nine reverse circulation holes, in addition to one core hole, totaling 6,400 meters. Phase one is expected to take two months, and drilling is primarily focused on the Sophia, Tip Top, and Nina Skarn targets, which have been identified through comprehensive technical studies and mapping. U.S. Gold remains poised to produce a significant gold discovery within a broad district-scale Carlin-style system as the firm has systematically filled gaps in the historic data associated with Keystone over the past three years.

Gold and silver prices have increased sharply. Various U.S. treasury yields have dropped to record lows, while a growing number of Government bonds around the globe have ever-increasing negative yields. Given the ongoing trade and geopolitical tensions with China amid fears of a global slowdown, this trend seems unlikely to change in the short-term. Gold has accordingly stepped into its role as a safe haven asset amid fears of an upcoming recession. This overall economic and political uncertainty has caused gold spot prices to increase by roughly \$240 (19%) to about \$1,520 per ounce (oz) since the beginning of the year, while silver has increased by approximately \$1.70 (11%) to \$17.10/oz, over the same period.

Gold-to-silver ratio reaches quarter-century high. The gold-to-silver ratio has now grown to 90:1, the highest over the past 25 years. In short, we believe the ratio is likely to tighten and trend more in-line with historical norms. We anticipate this move to happen through continued improvements in silver pricing as opposed to a drop in the price of gold. We note that silver prices surged to an all-time high of nearly \$50/oz during the 2008 financial crisis, thereby cutting the ratio from around 84:1 to 31:1. While this happened during extreme market turmoil, silver has also historically acted as a safe haven commodity. We therefore believe that silver is going to become a benefactor from the longer-term tightening of the current price disparity.

Increased commodity price deck more in-line with current market conditions and pricing firms may receive from potential hedges. We feel macroeconomic improvements related to precious metals are increasingly evident in the market. In turn, we have raised our long-term gold price from \$1,300/oz to \$1,500/oz and our silver price from \$15.00/oz to \$17.50/oz. Our revised price deck is mostly in-line with current spot pricing. These prices are also in-line with the values firms are likely to receive if they decided to hedge some of their production. We acknowledge the possibility for short- and mid-term price fluctuations, especially as the Federal Reserve weighs the option of increasingly aggressive interest rate cuts before year-end. Additionally, any significant resolution regarding the ongoing trade issues with China could drive precious metal prices lower given lowered perceived market risks. We have applied our revised precious metal price deck to all relevant companies within our coverage universe.

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We reiterate our Buy recommendation and increase our price target from \$2.30 per share to \$2.90 per share. Our increased PT is a result of the aforementioned price deck revision with no other changes to our model. Our valuation remains based on a DCF analysis of the Copper King project, utilizing a 12% discount rate, which is in-line with similar development projects in top tier mining jurisdictions. Our DCF analysis results in a valuation for Copper King of \$46.6M, or \$1.95 per share. We also add \$20M in value for the firm's Keystone project and other assets along with the firm's \$2.2M cash balance to achieve at our overall firm NAV of \$2.88 per share. We round this figure to the nearest \$0.10 to arrive at our \$2.90 per share price target.

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

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
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%	Gross Gold Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	@	96.0%	Gross Copper Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Concentrate Smelting & Transportation	@	3.0%	Gross Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
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)	\$ (2,834)		
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		
<p>Note 1: No taxes in 2025 and 2026 due to NOL's from CapEx</p> <p>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.</p>																		
Total current cash flow	\$	46,557	\$	1.95	per share													
Cash & equivalents (USD)	\$	2,197	As of Apr. 30, 2019															
Value for Keystone and other assets	\$	20,000																
Debt	\$	-																
Total current value (USD)	\$	68,754																
Common Shares Outstanding	20,731	As of Jul. 26, 2019																
Options	1,456	As of Apr. 30, 2019																
Warrants	1,702	As of Apr. 30, 2019																
Fully Diluted Shares outstanding	23,889																	
U.S. Gold NAV per share	\$	2.88																
Rounded (\$0.10) price target	\$	2.90																
USAU share price	\$	1.00	As of Aug. 16, 2019															
% discount to NAV		65.3%																
Source: H.C. Wainwright & Co. estimates.																		

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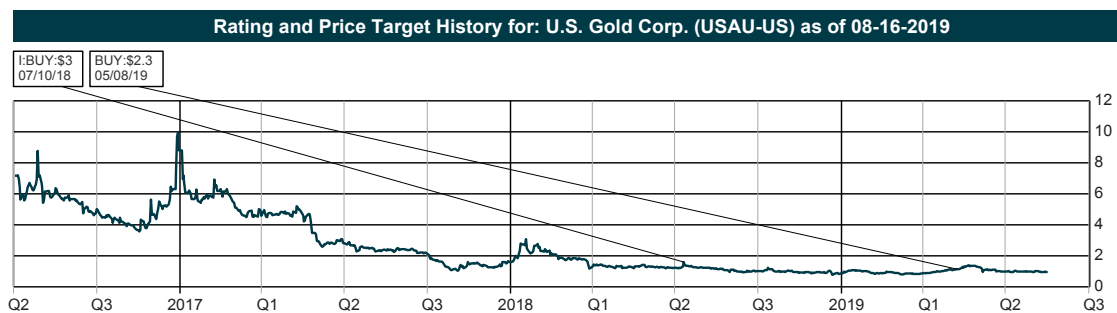
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Distribution of Ratings Table as of August 16, 2019				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	344	91.98%	120	34.88%
Neutral	28	7.49%	5	17.86%
Sell	0	0.00%	0	0.00%
Under Review	2	0.53%	0	0.00%
Total	374	100%	125	33.42%

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