

Resources

U.S. Gold Corp. | USAU - \$1.45 - NASDAQ | Buy

Initiation of Coverage

Stock Data			
52-Week Low - High	\$1.05 - \$11.52		
Shares Out. (mil)	14.11		
Mkt. Cap.(mil)	\$20.5		
3-Mo. Avg. Vol.	232,609		
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	Curr
1Q	(1.75)A	(1.00)A	-
2Q	(0.28)A	(0.22)E	-
3Q	(0.50)A	(0.11)E	-
4Q	(0.64)A	(0.08)E	-
YEAR	(2.70)A	(1.11)E	(0.21)E
P/E	NM	NM	NM
Revenue (\$ millions)			
Yr Apr	—2017—	—2018E—	—2019E—
		Curr	Curr
1Q	4.9A	0.0A	-
2Q	4.7A	0.0E	-
3Q	3.5A	0.0E	-
4Q	4.3A	0.0E	-
YEAR	17.4A	0.0E	0.0E



USAU: A Unique U.S. Exploration Story; Initiating with Buy, \$3.00 Target

We are initiating coverage of USAU with a Buy rating and \$3.00 price target. We believe USAU provides investors with a unique combination of existing asset value and early-stage exploration exposure. Additionally, we believe the company's technical team has a proven track record and that the company has an asset portfolio with the potential for a significant discovery.

- Keystone is the story.** Although Keystone is an early-stage exploration asset with no existing resources and only uneconomic gold showings thus far, we view it as the flagship asset of USAU. We base this belief on the project's location and scale, which are discussed in detail later in this report. Based on this view, we believe investors should assign significant value to this asset. For our valuation of USAU we assign a value of \$25 million to the Keystone asset.
- Copper King is the value basis.** While we view Keystone as the future of USAU, Copper King represents the tangible value today. The project has an existing PEA, demonstrating robust project economics. Additionally, we believe the asset has some exploration potential, which the company is currently targeting with a small, four-hole drill program. If the company is able to show exploration success at Copper King, it could drive significantly-improved project economics, in our view.
- A unique structure for investors.** We view USAU as a unique opportunity for investors because assets like Keystone are rare and generally not the flagship asset of a public company at this early stage. Generally, assets at this stage are either held inside large companies, are privately owned, or are in the form of Canadian listed stocks that do not meet most U.S. investors' investment strategies, in our view. Additionally, we believe the Copper King asset provides downside value protection for investors.

SUMMARY

We are initiating coverage of U.S. Gold Corp. (USAU) with a Buy rating and \$3.00 price target. We believe USAU has a unique combination of assets with a PEA-stage, copper-gold asset poised for advancement in the form of Copper King and a highly-prospective, early-stage gold exploration project in the form of Keystone. We believe both of these assets could provide significant positive catalysts over the coming quarters. Additionally, we believe the company has a proven management team headlined by lead geologist Dave Mathewson.

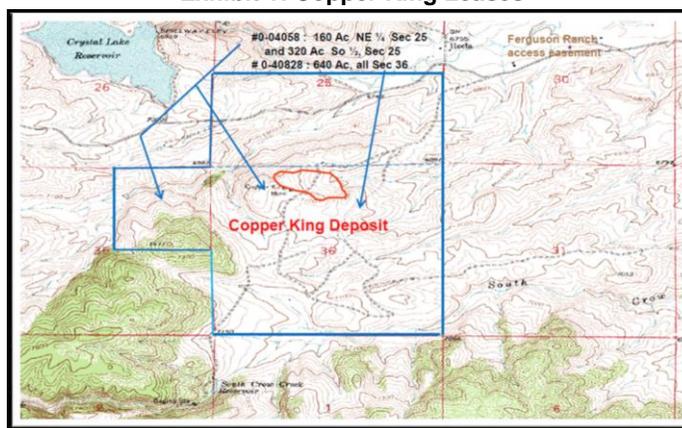
PROJECTS OVERVIEW

U.S. Gold is a U.S.-focused gold and copper company with two major projects in the U.S. The more advanced of these projects is Copper King in Wyoming, which has an existing resource and PEA from 2012. However, we believe the more prospective asset is Keystone located along trend with a number of major gold deposits. We believe USAU has the potential to simultaneously advance these projects and drive significant shareholder value creation over the next few years.

Copper King poised to advance and expand.

As noted above, USAU's Copper King is a PEA stage project, which is located 32 km from Cheyenne, WY. U.S. Gold Corp acquired the Copper King asset as a private entity with an existing PEA. The PEA was completed in 2012 by Strathmore Minerals Corp. Since 2012, minimal work has been completed on the project as copper and gold prices were weak and the project was held by a non-public entity. However, we note that the project appears highly prospective in today's price environment, as the PEA showed an NPV of \$159.5 million and an IRR of 31.2% based on a \$3.00 per pound copper price and \$1,100 per ounce gold price. At today's prices, we believe the NPV would be over \$180 million at a 5% discount rate.

Exhibit 1: Copper King Leases



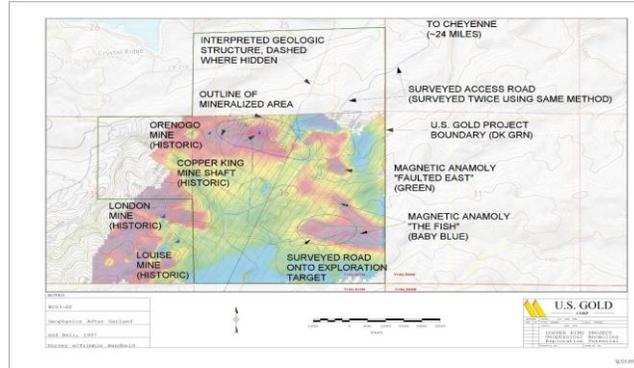
Source: U.S. Gold corporate presentation Summer 2017

Although we view Copper King as a viable asset in today's price environment, we are intrigued by the potential for resource expansion at a minimal cost. Exhibit 2 shows a mag survey of the project. We note that the existing Copper King deposit has a similar magnetic signature to the company's "The Fish" target. We also note that this target is a shallow target and thus, can be tested using RC drilling for a minimal cost. Additionally, the company has identified locations for additional drill holes to target potential expansions of the Copper King Main Zone. For 2017, the company has planned a four-hole program to test the potential of the Fish target as well as the Main Zone extension.

The four-hole drill program is expected to cost the company less than \$0.2 million all-in with results expected in either late 2017 or early 2018. We note that any expansion of the Main Zone would be significant as it could add incremental pounds to the mine plan, while a discovery at the Fish could drive a significantly larger resource expansion. This could take longer to define due to the lack of historical drilling on this target.

Due to the advanced nature of the Copper King project, we believe USAU will look to fast track the project to a construction decision with first production beginning as early as fiscal 2021. However, we note that if the company makes a material discovery at “The Fish” or elsewhere on the property, it is likely the development timeframe for the project could be pushed out while the new discovery is evaluated and potentially added to the mine plan, in our opinion. Additionally, if the company makes a material discovery at Keystone, management could look to sell this asset to a company better suited to develop it and use the proceeds to advance Keystone, in our view. We would likely view this as a significant positive as it would reduce the dilutive impact of developing this asset, while capturing value for shareholders.

Exhibit 2: Mag Survey at Copper King

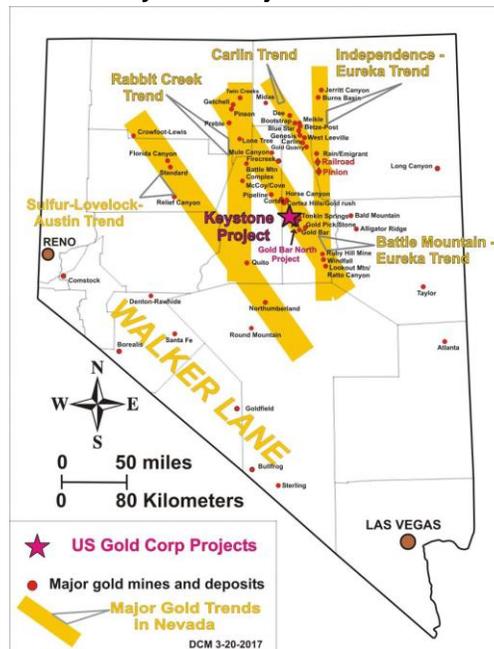


Source: USAU corporate presentation Autumn 2017

Keystone provides more upside, but more risk.

The Keystone project is located in North Central Nevada along the Battle Mountain-Eureka Trend. The project is an early-stage exploration project with minimal previous drilling and no known resource. However, we believe the project is in the right location as the Battle Mountain-Eureka Trend is host to multiple known 20 million ounce plus gold deposits. Additionally, the lack of significant historical drilling on the project is a positive, in our view, as it leaves significant potential for new discoveries. Exhibit 3 shows the project location and key gold deposit trends in Nevada.

Exhibit 3: Keystone Project Location on Trend

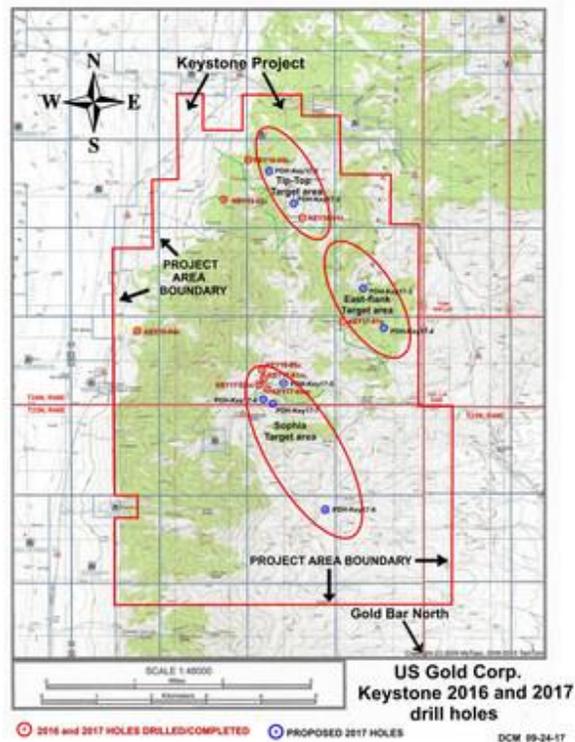


Source: USAU corporate presentation Autumn 2017

To date, USAU has completed a small scout drilling program on the project totaling nine holes. The results of this program were more of a technical success and thus, we don't believe investors could assign significant value to them. However, the company is currently drilling nine to 10 additional holes between Keystone and Gold Bar North totaling 15,000 feet. We expect these drill results to be released by year end, which could provide a significant positive catalyst, in our view.

We note that although the discovery of a major gold deposit is rare, USAU has all the ingredients to make such a discovery at Keystone, in our opinion. Thus, we believe the project should have value for investors even without a discovery. We have elected to assign a value of \$25 million for Keystone, which we believe represents the potential for a near-term discovery. We note that the company does not need to discover a 20 million ounce plus gold deposit in order to justify this valuation, but instead needs to only demonstrate the potential for a multimillion ounce deposit, in our view.

Exhibit 4: Keystone Project Map with Targets



Source: USAU Press Release dated 10/11/2017 "Following Encouraging ... in Nevada"

SITE VISIT

On September 5 and 6, 2017, ROTH Capital Partners attended a site visit to USAU's assets. On September 5, we traveled to Copper King in Wyoming. The Copper King tour included a stop at the prospective "The Fish" target, an opportunity to examine outcropping mineralization at Copper King, and a trip to the nearby core shack. Management also provided an overview of the project as well as an outlook for the coming quarters. Exhibit 5 shows a view of the "The Fish" target, which does not outcrop like the Copper King deposit, but has a similar mag survey signature. We note that the higher elevation in the distance is granite and effectively cuts off resource expansion to the west.

Exhibit 6 shows a view of the Copper King deposit from "The Fish." We note that the trees at the right edge of the image mark the eastern edge of the deposit. Additionally, we believe "The Fish" is clearly close enough to the Copper King deposit to justify simultaneous development if it proves to have a similar grade deposit, in our view. Exhibit 7 below shows a drill collar from previous drilling completed at the project. USAU acquired the Copper King project with a significant amount of previous drilling as well as an existing PEA that was published in 2012.

Exhibit 8 shows copper mineralization at surface. The highly-altered sample has been oxidized leading to the greenish color. Exhibit 9 shows additional outcropping at the Copper King deposit. Our final stop of the Copper King tour was at the core shack in Cheyenne, WY. Exhibit 10 is of high-grade copper ore from previous drilling at Copper King.

Exhibit 5: View of “The Fish”



Source: ROTH Capital Partners

Exhibit 6: View of Copper King from “The Fish”



Source: ROTH Capital Partners

Exhibit 7: Historic Drill Collar at Copper King



Source: ROTH Capital Partners

Exhibit 8: Copper Mineralization at Surface

Source: ROTH Capital Partners

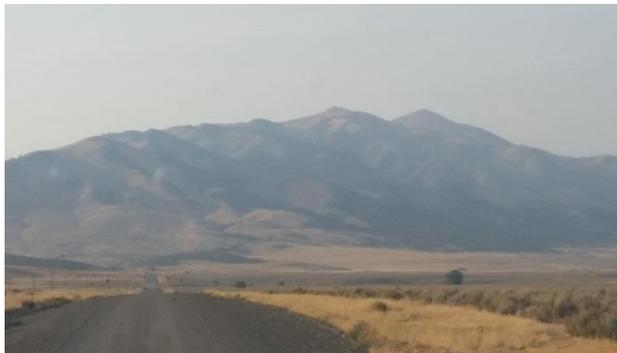
Exhibit 9: Outcropping at Copper King

Source: ROTH Capital Partners

Exhibit 10: Core From Copper King Core Shack

Source: ROTH Capital Partners

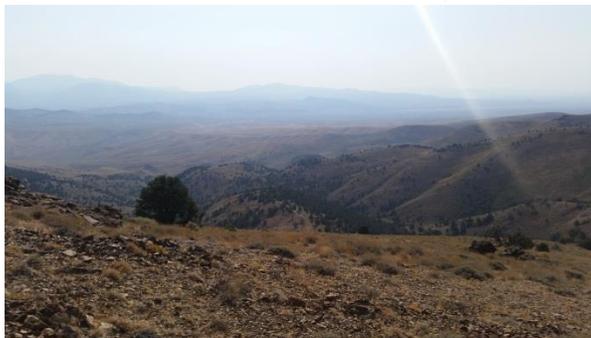
On September 6, 2017, we were able to tour the Keystone asset. The tour included a drive past existing operations along trend with Keystone, a trip around the project to get perspective on scope, and stops at recent drill locations. Our biggest takeaway from the tour was the magnitude of USAU's land package and its location relative to large gold deposits. We believe these aspects are important as they should increase the likelihood of the company making a discovery on the project, in our opinion. We also had the opportunity to discuss the project geology with lead geologist Dave Mathewson who explained how the company has seen similar rock formations at Keystone to those that host the largest gold deposits in this area of Nevada. We believe this increases the potential for a discovery on the project, but note that it is always possible to have the right geology, location, and scale and to not discover any significant gold deposit.

Exhibit 11: Keystone Project from Access Road

Source: ROTH Capital Partners

Exhibit 12: Keystone Project looking South from First 2017 Drill Hole

Source: ROTH Capital Partners

Exhibit 13: View of NW/SE Trend Company Plans to Target

Source: ROTH Capital Partners

DATARAM TRANSACTION AND EXPECTATIONS

On May 24, 2017, U.S. Gold Corp. became a public company via a reverse merger into Dataram. Following the merger, management began to work towards divesting the historic Dataram business. On October 20, 2017, USAU announced it had reached an agreement to divest the Dataram business. Although financial terms of the transaction were not disclosed, we view it as an immaterial transaction as any proceeds above the costs related to the sale are to be distributed to Dataram shareholders of record as of May 8, 2017. However, the transaction was significant as it cleans up the company's structure, in our view.

FUNDING ANALYSIS

As of the end of fiscal Q1 2018, USAU had \$4.3 million in cash and no debt (excluding cash and debt consolidated under assets and liabilities held for sale). On October 5, 2017, the company announced a \$2.5 million equity raise, which we believe positions the company to be well funded through its current drill program.

Over the next few quarters, we estimate the company will spend approximately \$1.0 million on exploration drilling at Keystone, less than \$0.2 million on shallow drilling at Copper King, and \$3.5 million on corporate expenses.

We estimate the company is well funded for this round of exploration, but note it is likely the company will need further capital infusions to advance its projects. For modeling purposes, we assume the company raises an additional \$6 million in equity in fiscal 2018, \$25 million in fiscal 2019, and \$55 million in fiscal 2020, as well as \$50 million in debt in 2020. The majority of this capital is earmarked to develop the Copper King project, but we note that the company could always delay construction or even sell this asset if Keystone demonstrates a successful discovery, in our view.

MANAGEMENT

Edward Karr (President, CEO, and Chairman): Mr. Karr has over 20 years of financial services experience. He was a founder and is a board member of Pershing Gold Corp. (PGLC-Buy). Mr. Karr is also a Director and Chair of the Audit Committee of Levon Resources (TSY:LVN-NC).

Dave Mathewson (VP, Head of Exploration): Mr. Mathewson has over 35 years of experience as a geologist in Nevada. Previously, he was the head of Newmont's (NEM-NC) exploration team from 1989 to 2001. Most recently, he was part of the Gold Standard Ventures (GSV-Buy) team that consolidated the Railroad-Pinion district and discovered North Bullion & Bald Mountain on GSV's project.

Neil Whitmer (Operations Manager): Mr. Whitmer is an advisor to Gold Standard Ventures. He holds a Bachelor of Science degree in geology from Indiana University and a Master of Science degree in Geology from the University of Tennessee. Mr. Whitmer has a Juris Doctorate from Michigan State University's College of Law.

David Rector (COO, Secretary, and Principal Financial Officer): Mr. Rector has been the Principal of The David Stephen Group since 1985. He also served as the CEO and President of Valor Gold from November 2012 to January 2014 and VP Finance & Administration for Pershing Gold Corp. from February 2012 to January 2013.

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 \$168.6 million. We divide this by an estimated future fully diluted share count of 56.2 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 initiating with a 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	2Q18E	3Q18E	4Q18E	2018E	2019E
Revenue	17.4	-	-	-	-	-	-
Operating Costs	19.2	3.2	2.0	1.5	1.5	8.2	6.5
Operating Income	(1.8)	(3.2)	(2.0)	(1.5)	(1.5)	(8.2)	(6.5)
Finance and Other	0.1	-	0.0	0.0	0.0	0.1	-
Pretax Income	(1.9)	(3.2)	(2.0)	(1.5)	(1.5)	(8.3)	(6.5)
Taxes	-	-	-	-	-	-	-
Net Income	(1.9)	(3.2)	(2.0)	(1.5)	(1.5)	(8.3)	(6.5)
Basic EPS	(\$2.70)	(\$1.00)	(\$0.22)	(\$0.11)	(\$0.08)	(\$1.11)	(\$0.21)
FD EPS	(\$2.70)	(\$1.00)	(\$0.22)	(\$0.11)	(\$0.08)	(\$1.11)	(\$0.21)
Basic Shares	0.9	9.3	13.5	14.2	18.5	13.9	31.0
FD Shares	0.9	9.3	14.3	15.0	19.2	14.4	31.7
CFPS	(\$0.22)	(\$2.97)	(\$2.34)	(\$0.84)	(\$0.84)	(\$6.98)	(\$5.70)
FCF to Equity	0.3	(2.5)	0.0	(0.3)	5.2	2.4	(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 11/27/17	
			Count	Percent
Buy [B]	225	70.53	121	53.78
Neutral [N]	48	15.05	19	39.58
Sell [S]	4	1.25	2	50.00
Under Review [UR]	41	12.85	24	58.54

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

Ratings System Definitions - ROTH employs a rating system based on the following:

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

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.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

Not Covered [NC]: ROTH does not publish research or have an opinion about this security.

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