

Resources

Corvus Gold Corp. (OTC: CORVF) | KOR.TO - C\$2.58 - TSX | Buy

Company Update

Target Price Changed

Stock Data				
52-Week Low - High	C\$0.99 - C\$2.72			
Shares Out. (mil)	123.99			
Mkt. Cap.(mil)	C\$319.89			
3-Mo. Avg. Vol.	161,998			
12-Mo.Price Target	C\$6.25			
Cash (mil)	C\$19.6			
Tot. Debt (mil)	C\$0.0			
Corvus reports under a May fiscal year.				
EPS C\$				
Yr May	—2019—	—2020E—		—2021E—
		Curr	Prev	Curr
1Q	(0.02)A	(0.03)A	(0.03)A	-
2Q	(0.02)A	(0.03)A	(0.03)A	-
3Q	(0.03)A	(0.03)A	(0.02)E	-
4Q	(0.03)A	(0.02)E	(0.02)E	-
YEAR	(0.10)A	(0.10)E	(0.09)E	(0.10)E
Revenue (C\$ millions)				
Yr May	—2019—	—2020E—		—2021E—
		Curr	Curr	Curr
1Q	0.0A	0.0A	-	-
2Q	0.0A	0.0A	-	-
3Q	0.0A	0.0A	-	-
4Q	0.0A	0.0E	-	-
YEAR	0.0A	0.0E	0.0E	0.0E

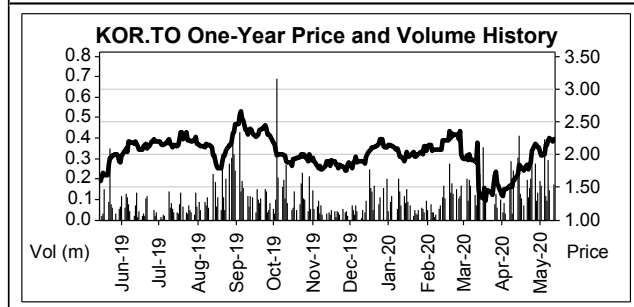
KOR: CIZ Shows Its Significant Potential

On May 13, 2020, KOR announced its first diamond core drill hole into the CIZ at Mother Lode. The drill hole showed significant grade and thickness and could lead to a significant resource increase, in our view. As a result, we are increasing our price target from CAD\$5.75 to CAD\$6.25 and reiterating our Buy rating.

CIZ intercept could be a game changer. On May 13, 2020, Corvus Gold announced its first diamond drill hole into the recently discovered Central Intrusive Zone (CIZ) at its Mother Lode project. The drill hole intersected 42.9 meters grading 0.72 g/t gold in the Upper Zone, 38.2 meters grading 2.0 g/t gold in the Main zone, 125.5 meters grading 2.56 g/t gold in the CIZ, and 74.7 meters grading 0.62 g/t gold in the CIZ. We believe that a drill hole of this magnitude would be considered a "company maker" if not for Corvus's significant existing resources. Additionally, we believe the length of the intercepts and the high-grade nature of the CIZ could allow KOR to add significant ounces to its resource base in a short period of time.

Discovery could incentivize potential acquirers to act. Given the success of KOR's first diamond drill hole into the CIZ, the company plans to complete 20 additional diamond drill holes. While it is unreasonable to expect all of these holes to be as strong as the first, the potential for Corvus to delineate additional resources could force potential acquirers to act in the near-term, in our opinion. The company has a number of larger producing miners with neighboring land packages and we believe these neighbors could look to make an offer to buyout the company before additional drilling is completed.

Increasing target to CAD\$6.25. As a result of the success of initial diamond drilling into the CIZ and a higher prevailing gold price compared to our prior expectations, we are increasing our price target from CAD\$5.75 to CAD\$6.25. Additionally, we believe that KOR is poised to see a significant increase in its valuation via drill results or a potential buyout. Thus, we are reiterating our Buy rating.



VALUATION

We base our valuation of Corvus Gold on a buyout model. We assume that any potential acquirer would need a 20% pre-tax IRR on all capital invested. In order to derive an acquisition value we use a 20% DCF at the project level for North Bullfrog and Mother Lode and use recent gold and silver prices of \$1,700 and \$15.5 per ounce, respectively. Using this model, we arrive at a potential acquisition value of USD\$621 million. We then adjust for the USD to CAD exchange rate, our \$50 million valuation for Mother Lode's resource growth potential, cash, and assume a 10% discount to this valuation to account for 12 months until a potential acquisition. Thus, we arrive at a value of CAD\$845 million or CAD6.20 per fully diluted share. We round this up to reach our CAD \$6.25 price target and we are reiterating our Buy rating.

Factors that could impede KOR's ability to reach our price target include, but are not limited to: under-performance of commodity prices, poor exploration results, dilutive equity transactions, permitting issues, failure to attract a potential acquirer, drilling cost overruns, 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 a Nevada based company, Corvus is in a low political risk jurisdiction and has similar political risk to other Nevada based exploration companies.
- **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. KOR's primary risk is to gold price performance.
- **Operational and technical risk.** Natural resources companies have significant operational and technical risks. Despite completing NI 43-101 compliant resource estimates, deposits can still vary significantly compared to expectations. Additionally, numerous unforeseeable issues can occur with operations and exploration activities. Given KOR is an exploration stage company, its most significant technical risk is to further exploration success or disappointment. As such, we believe drill results could provide significant positive or negative catalysts in the near-term.
- **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. Corvus has similar market risk to other advanced stage exploration companies.

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

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

"Inferred Mineral Resources." U.S. 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

Corvus Gold Inc is a Canada-based, North American, gold exploration and development company. The Company is focused on its near-term gold-silver mining project at the North Bullfrog and Mother Lode Districts in Nevada. In addition, it controls a number of royalties on other North American exploration properties representing a spectrum of gold, silver and copper projects. Its projects include: North Bullfrog, Mother Load and Non-Core Assets. The North Bullfrog project consists of leased, patented and unpatented mining claims and represents a low-sulphidation, epithermal bulk-tonnage gold system hosted in volcanic and sedimentary rocks. The Mother Lode project consists of more than 60 federal unpatented mining claims covering an area of approximately 5 square kilometers. Its Non-Core Assets include: Chisna, LMS and West Pogo. The Chisna project targets Cretaceous copper-gold porphyry-style mineralization of a similar age to the Pebble deposit.

Corvus Gold Key Estimates

Amounts in CAD	1Q19A	2Q19A	3Q19A	4Q19A	2019A	1Q20A	2Q20A	3Q20A	4Q20E	2020E	2021E
Revenue	-	-	-	-	-	-	-	-	-	-	-
Operating Costs	2.5	2.7	2.9	2.9	11.0	2.9	3.4	3.9	2.5	12.7	12.6
Operating Income	(2.5)	(2.7)	(2.9)	(2.9)	(11.0)	(2.9)	(3.4)	(3.9)	(2.5)	(12.7)	(12.6)
Finance and other	(0.1)	(0.1)	0.0	(0.1)	(0.2)	0.0	0.0	(0.2)	(0.0)	(0.2)	(0.2)
Pretax Income	(2.4)	(2.7)	(2.9)	(2.9)	(10.9)	(2.9)	(3.4)	(3.6)	(2.4)	(12.5)	(12.4)
Taxes	-	-	-	-	-	-	-	-	-	-	-
Net Income	(2.4)	(2.7)	(2.9)	(2.9)	(10.9)	(2.9)	(3.4)	(3.6)	(2.4)	(12.5)	(12.4)
Basic EPS	(\$0.02)	(\$0.02)	(\$0.03)	(\$0.03)	(\$0.10)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.02)	(\$0.10)	(\$0.10)
FD EPS	(\$0.02)	(\$0.02)	(\$0.03)	(\$0.03)	(\$0.10)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.02)	(\$0.10)	(\$0.10)
CFPS	(\$0.02)	(\$0.02)	(\$0.03)	(\$0.02)	(\$0.09)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.08)	(\$0.09)

Source: SEC Filings, ROTH Capital Partners and company reports

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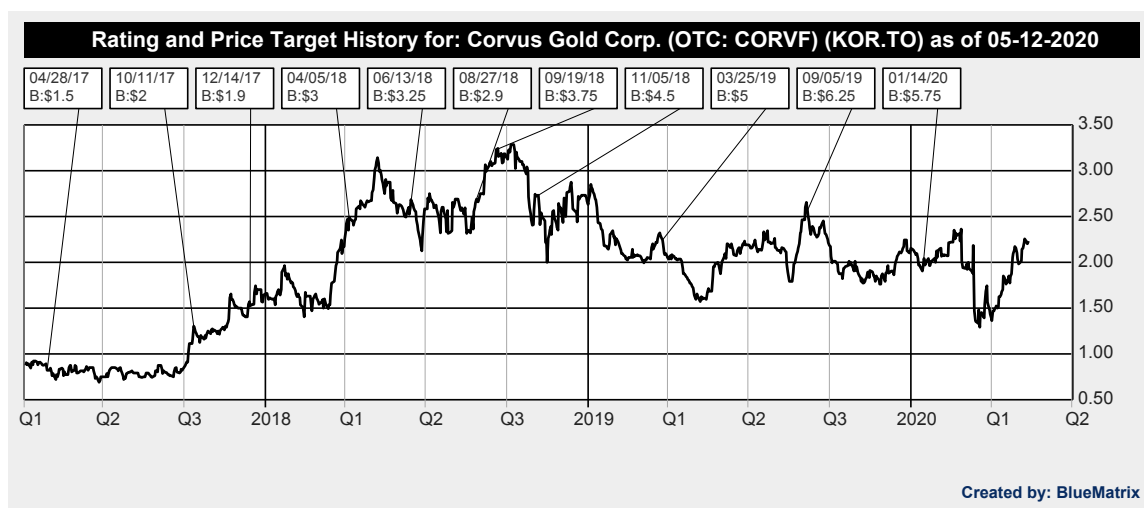
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Shares of Corvus Gold Corp. (OTC: CORVF) may not be eligible for sale in one or more states.

Shares of Corvus Gold Corp. (OTC: CORVF) may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.

Within the last twelve months, ROTH has received compensation for non-investment banking securities-related services from Corvus Gold Corp. (OTC: CORVF).



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 05/13/20	
			Count	Percent
Buy [B]	268	75.92	154	57.46
Neutral [N]	58	16.43	24	41.38
Sell [S]	3	0.85	1	33.33
Under Review [UR]	24	6.80	12	50.00

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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