

Rover Metals Corp.
(TSXV: ROVR / OTCQB: ROVMF / FSE: 4XO)

Promising Results Indicate Potential for a Strong Maiden Resource

BUY

Current Price: C\$0.05
Fair Value: C\$0.19
Risk: 5

Sector / Industry: Junior Mining/Resource

[Click here for more research on the company and to share your views](#)

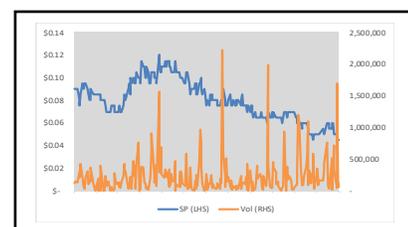
Highlights

- In H2-2021, Rover completed a Phase 2 exploration program at its 100% owned Cabin gold project in the Northwest Territories. The program included a 31-hole diamond drill program, and 21,000 m of geophysical surveys.
- The program confirmed **two gold zones** (Beaver and Andrew), and identified **three new large IP anomalies** (Camp, Andrew South, and Beaver South). Drilling not only returned **multiple high-grade intercepts**, but also expanded historic grades.
- Drill results from three targets at the Andrew zone delineated a medium-to-high grade zone, extending 800 m from north to south at surface.
- Overall, **we believe the recent program has shown** that the project has potential to hold a medium-sized resource with high grades. Three significant gold zones have been identified to-date: Beaver, Andrew, and Arrow.
- Planning to complete a NI 43-101 compliant **maiden resource estimate in 2022**.
- The three confirmed gold zones, when combined, extend 1,000 m at surface, and are open along strike and at depth. Rover intends to drill the Arrow zone at depths below 75 m in a Phase 3 program, which is expected to commence this quarter, upon completing a \$1M+ financing.
- The Cabin gold project is 40 km from Canada's largest primary cobalt (cobalt-gold) deposit, held by Fortune Minerals (TSX: FT). FT recently announced plans to acquire a refinery in Alberta for its concentrates. We believe **FT's advancements are positive for ROVR**, as they increase the probability for an M&A event in the future, if ROVR is able to delineate a large resource.
- We have a **positive outlook on gold prices** as inflation is likely to be persistent, and real rates are likely to be negative in the first half of the year. Rising geopolitical tensions in Eastern Europe and the Middle East will likely support gold prices. SPDR Gold (NYSE: GLD), the largest ETF backed by gold, is seeing record inflows of capital.
- **Upcoming catalysts** include stronger gold price, Phase 3 results, and a maiden resource estimate.

Sid Rajeev, B.Tech, MBA, CFA
Head of Research

Nina Rose Coderis, BSc (Geology)
Equity Analyst

Price Performance (1-year)



	YTD	12M
Ret.	-25%	-44%
TSXV	-11%	-10%

Company Data

52 Week Range	C\$0.04–C\$0.12
Shares O/S	118M
Market Cap.	C\$5.3M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	1.4x

Key Financial Data (FYE - Dec 31)
(C\$)

	2020	2021 (9M)
Cash	\$332,716	\$713,068
Working Capital	-\$42,772	\$939,014
Mineral Assets	\$1,391,488	\$2,599,044
Total Assets	\$1,914,643	\$4,093,349
Net Income (Loss)	-\$811,350	-\$1,228,706
EPS	-\$0.01	-\$0.01

***See last page for important disclosures, rating and risk definitions. All figures in C\$ unless otherwise specified.**

Confirmed Three Gold Zones

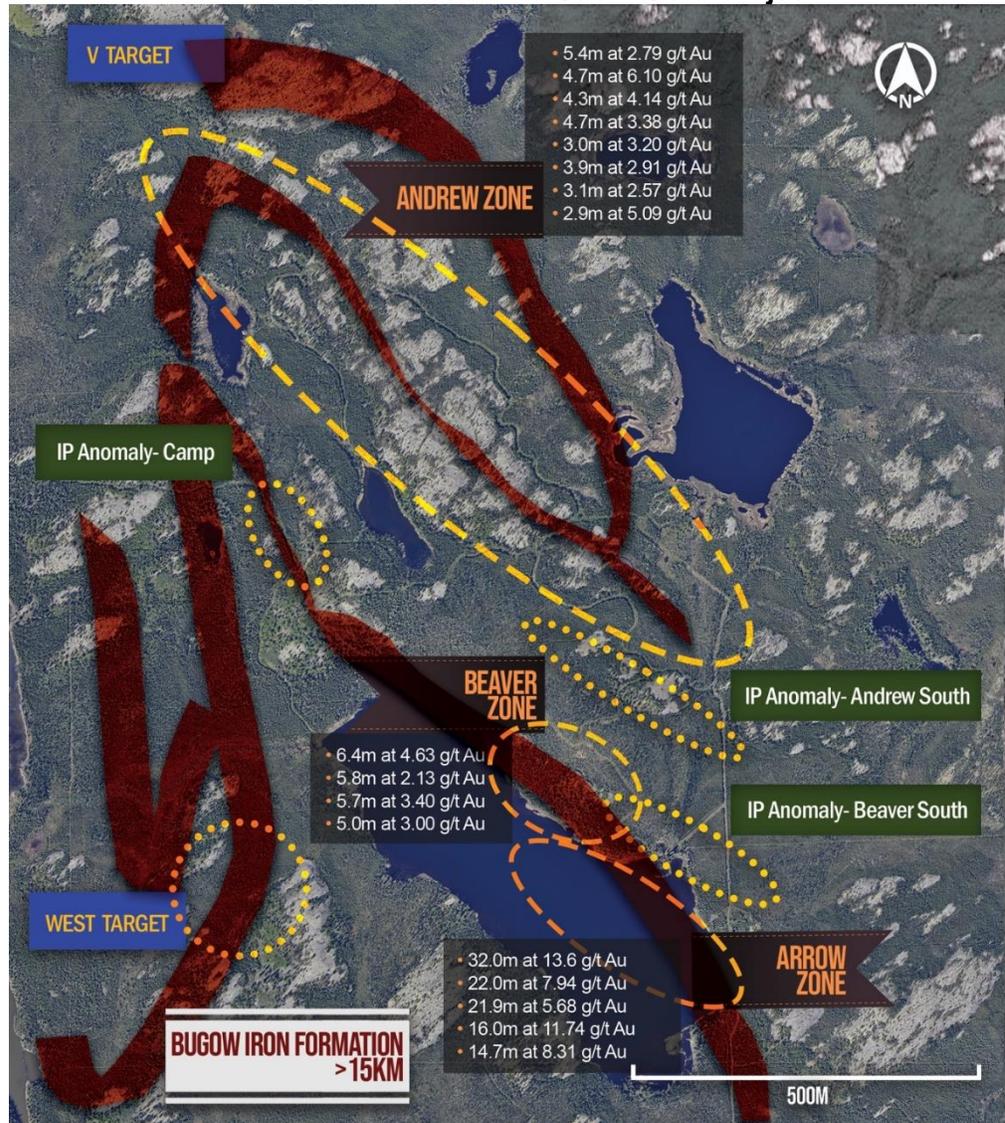
Completed 31 holes targeting the Beaver and Andrew zones

Assays from Beaver were 90% higher than a historic hole drilled at a similar location

Assay results from the Andrew South, Andrew Middle, and Andrew North targets were also higher than historic grades

Three targets at Andrew have been grouped into a single zone called the Andrew zone, extending 800 m from north to south

Gold Zones at the Cabin Gold Project



Source: Company

IP surveys identified three new large anomalies at Camp, Andrew South, and Beaver, which we believe could provide resource expansion potential

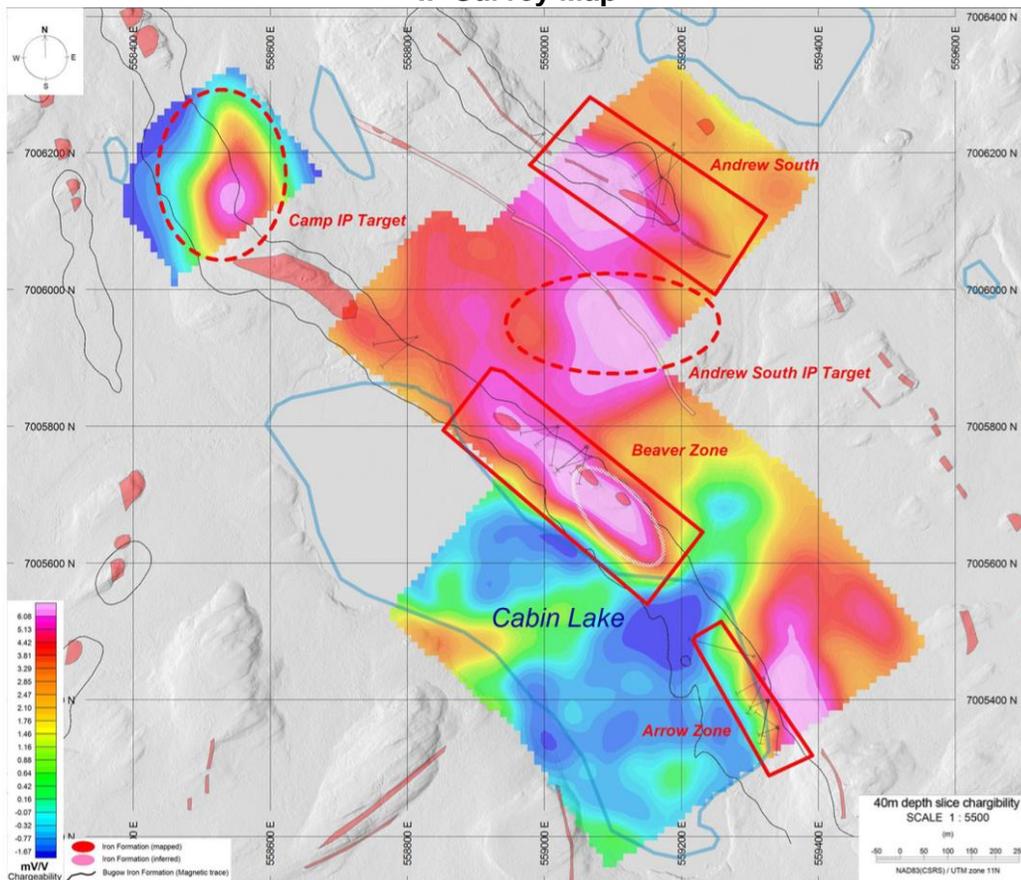
The anomaly at Beaver extends the Beaver zone 200 m to the southeast

The anomaly at Andrew South is close to the southern tip of the confirmed Andrew zone; it also uncovered a new limb of iron formation which appears to be mineralized

The anomaly at Camp lies along the primary limb of the Bugow Iron formation, the controlling structure for gold at the project

Phase 3 exploration will include drilling the new IP anomalies

IP Survey Map



Source: Company

Upcoming Plans

- Raise \$1M+ to fund the Phase 3 exploration program
- Commence Phase 3 this quarter
- **Complete a NI 43-101 maiden resource estimate this year**
- According to management, they have generated a high-level of goodwill in the local community of Behchoko, the largest town, located 40 km from the project. Management has also stated that the Tlicho Government is supportive of Rover's exploration activities. We believe this is key for future financings.
- Management is looking at projects in the U.S. for acquisition.

Financials

\$0.94M in working capital at the end of Q3

Subsequently raised \$0.30M through a flow-through financing, and a government grant

Management is planning a \$1M+ equity financing

(in C\$)	2020	2021 (9M)
Cash	\$332,716	\$713,068
Working Capital	-\$42,772	\$939,014
Current Ratio	0.90	7.80
Monthly Burn Rate (G&A)	-\$44,950	-\$102,725
Cash from Financing Activities	\$1,237,492	\$3,562,578
Cash Sent on Properties	-\$687,360	-\$1,873,267

Source: FRC / Company

Stock Options and Warrants: 8.87M options (weighted average exercise price of \$0.12), and 69.11M warrants (\$0.14) outstanding. None of the options/warrants are in-the-money.

Valuation and Rating

The recent program has given us more confidence; we are raising our preliminary speculative estimate from 150 to 200 Koz gold

ROVR is trading at \$22/oz (previously \$53/oz) vs the sector average of \$71 (previously \$69)

As ROVR's resource has significantly higher grades than the sector average, we are continuing to apply a 50% premium to the sector average for valuing ROVR

Our valuation increased from \$0.18 to \$0.19 per share; the increase in resource was partially offset by share dilution

Company	EV / Resource
1 Osisko Mining	\$266.15
2 Victoria Gold Corp	\$225.80
3 Marathon Gold Corp.	\$182.07
4 Pure Gold Mining Inc.	\$176.79
5 Probe Metals	\$128.12
6 Radisson Mining Resources	\$119.58
7 Bonterra Resources	\$101.39
8 Renforth Resources	\$88.63
9 Gold Springs	\$64.79
10 Sabina Gold	\$57.72
11 Maple Gold Mines Ltd.	\$56.95
12 Monarch Mining	\$52.92
13 Sonoro Gold	\$49.69
14 Gowest Gold Ltd.	\$48.78
15 Denarius Silver	\$47.62
16 Fury Gold	\$40.78
17 GMV Minerals	\$40.70
18 Nighthawk Gold Corp.	\$38.46
19 Equity Metals	\$38.18
20 Moneta Gold	\$28.05
21 O3 Mining	\$28.00
22 Rio2	\$25.36
23 Rover Metals	\$22.00
24 Gatling Exploration	\$19.91
25 Cartier Resources	\$18.08
Average (excl outliers)	\$70.73

* Net Resource = 100% of M&I + 50% of Inferred Resources

Source: FRC / S&P Capital IQ / Various

We are maintaining our BUY rating, and adjusting our fair value estimate from \$0.18 to \$0.19 per share. Key near-term catalysts include stronger gold prices, Phase 3 results, and a maiden resource estimate.

Risks

*Maintaining our risk
rating of 5 (Highly
Speculative)*

- The company's value is dependent on gold prices.
- Exploration and development risks
- **No NI 43-101 compliant resource estimate**
- Economic studies have not been completed
- **Access to capital and share dilution**

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues and may rely on external funding. These stocks are considered highly speculative.

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The distribution of FRC's ratings are as follows: BUY (69%), HOLD (5%), SELL / SUSPEND (26%).

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