

# FLASH NOTE

## VALUE RANGE

GBP 115 – 127



FTSE AiM vs. EUA (lighter line) price relative.  
Valuation range is based upon full dilution and varies by FX, share issues and daily DCF model calculations

### Monday, 20 December 2021

Intrinsic Price (GBP)	121.10
Value Range Low	115.04
Value Range High	127.15
Implied MCAP (m)	£3,520.23
Implied EV (m)	£3,503.40
AIM	EUA
Financial YE	31-Dec
Currency	GBP

#### Business Activity

PGM + Battery Metals  
Mining

#### Key Metrics

Close Price (GBP)	23.20
MCAP (m)	£662.0
Net Debt (Cash) (m)	-£16.6
EV (m)	£645.4
52 Wk Hi	45.00
52 Wk Lo	5.07

#### Key Ratios

(Net Cash) /	-2.51%
Shareholder Equity %	
FX Rate USD/GBP	0.72

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## Eurasia Mining Plc

### WAI JORC de-risks Monchetundra Flanks

Eurasia Mining (EUA.L) an AiM-quoted Russian Pd / battery metals dominated PGM miner RNS 16 Dec 21 announced a JORC from Wardell Armstrong Intl. (WAI) for NKT (part of M Flanks Kola and north of West Nittis (WN). WAI assigns a low end NPV of US \$1,188m, of which 80% is attributable to EUA shareholders. The deposit Inferred Mineral Resource are 50% Ni, 33% Pd and 13% Cu et al. We consider the WAI JORC de-risks Flanks in part. We may also use the inferred resources JORC to raise part of our mineral assumptions. WAI uses a much lower WACC than our NPV. Our new WACC is still approx. 33% higher vs. WAI. Our EUA EV rises to \$3.5bn. We use significantly lower long run Ni price and Cu price and a 20% higher Pd price vs. spot, suggesting an Implied EUA VR GBP 115-127. If we use Pd spot price our valuation still rises.

- Wardell JORC on NKT inferred resources low end value \$1,188m;
- Ore 107,135 Kt, Ni 304.5 Kt, Cu 142.8 Kt; Pd 45,583 Kg, Pt 10,021 kg;
- NKT part open pit part underground mine;
- Processing and shipping infrastructure strong and close by;
- Proposing to use extraction as backfill for ESG and save capex.

ACF est. £ (k)	Revenue	EBITDA	FCF	EPS	EPS (diluted)
2022E	11,205	8,131	-1,869	0.19	0.19
2023E	1,995,399	1,415,720	1,196,720	34.09	33.47

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)
2022E	57.6x	79.38x	NM	120.82x	123.08x
2023E	0.3x	0.5x	0.5x	0.7x	0.7x

## Investment Case

**Platinum Group Metal (PGM) focused company** – EUA is a PGM / batter metals (green metals) miner (Pd, Pt, Rh, Ir, Au, Ag, Zn, Cu, Co) with Russian assets and listed on the LSE AiM market. NKT JORC further step in confirming geology. JORC data points to higher metal concentrations than Russian cadastre of Mines record. Suggestion that there will be further upgrades to NKT licence metals value after further assay work.

Rhodium and iridium assets are excluded, and only conservative assumptions are included in our Rosgeo JV resources and reserves multiples sensitivity assumptions. **Rosgeo JV 104 Moz is excluded from our DCF valuation range analysis in this note. Tax regime incentives are excluded** from our valuation.

Our long run metals pricing assumptions - Nickel 40% below spot price. Copper 13% below spot price, Pd 20% above, Pt 4% above, Gold in line and all other metals significantly below spot prices and excluded from our valuation. Again, we remain highly conservative in our approach, **If we use spot price for Pd (down 20% from our long run assumptions) our valuation still rises for Flanks based on a modest de-risking from the WAI inferred resources JORC.** Our risk adjustment still means we use a WACC that is much higher than WAI's 8.33% discount rate.

Metals prices assumptions implied EUA EV sensitivity:

- New **EUA EV £3.5bn - metals ACF price assumptions.**
- EUA EV £3.7bn metals av. prices 2021.

**Our trading multiples analysis (previous note) includes a Rosgeo JV asset resources estimate** - suggests an EUA valuation of US\$ 10bn + (£7bn +), subject to further JORC results.

**EUA's share of Monchetundra flanks 40 Moz could be worth more than £3.3bn alone and before any added contribution from the vast Rosgeo JV** Formal valuation to capture tax and NKT JORC, likely in next note.

## Catalysts

More geology information. Development of Monchetundra Flanks; installation of **3 more wash plants** at WK. Covid-19 accelerated policies for regional or a global green hydrogen transport economy.

Share Price History	No. of Shares in issue	Fully diluted
NoSh (m)	2,854	2,907
Implied Intrinsic Price	123.36	121.10
Value Range Low	117.19	115.04
Value Range High	129.53	127.15
AIM	EUA	
Financial YE	31-Dec	
Reporting Currency	GBP	

NoSh (m)	2,854	
NoSh (m) expected dilution (Exp D)	2,854	
NoSh (m) full dilution (FD)	2,907	

Key Metrics	£	adj.
MCAP (m)	662.0	662.0
Net Debt (Cash) (m)	(16.6)	(16.6)
EV (m)	645.4	645.4
52 Wk Hi	45.00p	45.00
52 Wk Lo	5.07p	5.07
Free Float	79%	79%

*Key Metrics FCF adj.	2022E	2023E
CPS (GBP)	-0.07	41.9
CPS (Exp D) (GBP)	-0.07	41.9
CPS (FD) (GBP)	-0.06	41.2
P/CPS	NM	0.6x
P/CPS (Exp D)	NM	0.6x
P/CPS (FD)	NM	0.6x

*Note FX effect of strengthening GBP vs. USD – revenues in USD, costs in RUB, reporting currency GBP. We have reduced GBP reporting revenues on strengthening GBP vs. USD, but we have not reduced costs on falling RUB vs. USD revenues - a conservative approach.*

## Glossary

<b>EBIT</b>	Earnings before interest and tax (also often referred to or equates to operating profit).
<b>EBITDA</b>	Earnings before interest, depreciation and amortisation – the presentation of EBITDA by companies is not a requirement of UK GAAP or IFRS accounting standards. However, in certain cases it can act as a close proxy to free cash flow.
<b>EBT</b>	Earnings before tax. Also often expressed as PBT – profit before tax.
<b>FCF</b>	Free Cash Flow generated in ACF’s models after all obligatory cash costs have been satisfied such as Interest payable (Ip), cash taxes and maintenance capex (as opposed to investment capex). FCF represents the cash remaining for theoretical distribution or investment after all obligatory cash-based costs including net interest payable have been deducted.
<b>EUA</b>	Eurasia Mining Plc (EUA) the subject company of this ACF research note.
<b>JV</b>	Joint Venture – generally a legal structure between two corporate entities involving participation in equity capital in the JV vehicle. JV can also refer to more informal arrangements.
<b>PGM</b>	Platinum Group Metals (PGM) refers to six metals namely ruthenium, rhodium, palladium, osmium, iridium, and platinum.
<b>Pd</b>	Refers to the symbol for palladium.
<b>Pt</b>	Refers to the symbol for platinum.
<b>NoSh</b>	Number of Shares in issue (NoSh).
<b>NPV</b>	Net Present Value (NPV) refers to the current value of future cash flows generated by the project.
<b>WACC</b>	Refers to the weighted average cost of capital for the firm.

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