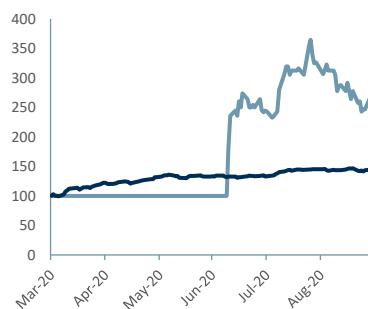


PRE-RESULTS

VALUE RANGE

GBP 72.4 – 80.0



EUA 6m Price Relative Chart vs. FTSE AIM (darker)

Monday, 28 September 2020

Intrinsic Price (GBP)	76.20
Value Range Low (GBP)	72.39
Value Range High (GBP)	80.01
Implied MCAP (m)	£2,202.23
Implied EV (m)	£2,201.96
AIM	EUA
Financial YE	31-Dec
Currency	GBP

Business Activity

PGM Mining

Key Metrics

Close Price (GBP)	19.25
MCAP (m)	£524.5
Net Debt (Cash) (m)	-£1.0
EV (m)	£523.5
52 Wk Hi	26.25
52 Wk Lo	0.44

Key Ratios

(Net Cash) / Shareholder Equity %	-0.19%
FX Rate USD/GBP	0.77

Extractives Sector Research

AiM Market Index

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Eurasia Mining Plc 1H20E

M&A Play

We expect the 1H20E performance to be impacted by delays to the West Kytlim DFS, though this will impact our production schedule forecasts in due course, given the overall opportunity we are unlikely to view delays at West Kytlim as material at this time. EUA is currently more an M&A play underpinned by its palladium-focused Monchetundra asset. As highlighted in our update dated 28 July 2020, EUA entered into a formal sale process for Monchetundra under Rule 8 of the Takeover Code and appointed UBS, a bulge bracket investment bank to run the sale. We expect a further update from the management on sale process during the 1H20E earnings update. Our view on the palladium (Pd) and platinum (Pt) prices remains conservative vs. consensus. Our valuation is a ~296% premium to close price.

- Expect update on the sale process for Monchetundra;
- Expect weakness in production vols at West Kytlim during 1H20;
- Remain bullish on palladium (Pd) and platinum (Pt) prices;
- Our M&A analysis suggests an upside of ~4x from current price;

ACF est. £ (k)	Revenue	EBITDA	FCF	EPS	EPS (diluted)
2019A	1,129	-1,355	-1,547	-0.04	-0.04
2020E	19,221	10,646	6,646	0.26	0.24
Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)
2019A	463.7x	NM	NM	NM	NM
2020E	27.2x	49.2x	78.8x	75.4x	80.9x

Investment Case

Competitive background

EUA is an AiM listed Russian assets 4 PGM and gold mining company (4 PGM is palladium, platinum, rhodium, iridium). EUA's core projects include: 1) West Kytlim – an operating soft rock PGM mine in the **Ural Mountains**; and 2) Monchetundra – a palladium open pit deposit in the **Kola peninsula**. Eurasia also maintains an interest in the Semenovskiy Gold Mine Tailings Project.

EUA is currently an M&A play on the palladium-driven Monchetundra asset. EUA has confirmed the option of a strategic sale of the asset, entering into a formal sale process under Rule 8 of the Takeover Code and appointing UBS, a leading global bulge bracket investment bank to run the sale. In addition, CITIC Merchant (China) has been appointed.

In October 2019, Impala Platinum Holdings acquired North American Palladium for ~\$0.8bn for ~5.0 Moz resources, suggesting that Monchetundra (West Nittis + Loipishnune 1.9Moz and flanks 13.1Moz) could be valued at more than \$2.8bn which, is ~4x higher than the current \$ translated market cap of EUA.

● West Kytlim to see ramp up in production

West Kytlim has been in full-scale production since 2018 (~230Kg of platinum produced). Contractor related issues created a production decline in 2019, which EUA has since overcome by transferring mining from a contractor to its own production scheme and is now aiming to ramp up production to 709Kg or 25,000oz of platinum per annum over the next 24 months. EUA operates the mine on a 100% vs. a previous 30-35% revenue basis. We expect DFS delays to push out the production schedule by 12 months to 36 months.

● Strong outlook for Pd & Pt prices

We remain conservative in respect of palladium (Pd) and platinum (Pt) price outlook compared to market consensus. The prices have already made a sharp recovery following the lows in March 2020. Market consensus forecasts a supply deficit of palladium. This is driven by several supply and demand schedule factors but is primarily due to limited new sources of supply due to come on stream. This should support Pd prices and create upside potential for EUA's valuation vs. our current value range.

Catalysts

Sale of Monchetundra mine; Development of Monchetundra flanks licence; Successful installation of additional wash plants at West Kytlim to raise production volumes; Increase in commodity prices, especially palladium (Pd) and platinum (Pt).

Share Price History	No. of Shares in issue	Fully diluted
NoSh (m)	2,725	2,890
Implied Intrinsic Price	80.82p	76.20
Value Range Low	76.78p	72.39
Value Range High	84.86p	80.01
AIM	EUA	
Financial YE	31-Dec	
Reporting Currency	GBP	

NoSh (m)	2,725
NoSh (m) expected dilution (Exp D)	2,725
NoSh (m) full dilution (FD)	2,890

Key Metrics	£	adj.
MCAP (m)	524.5	524.5
Net Debt (Cash) (m)	(1.0)	(1.00)
EV (m)	523.5	523.5
52 Wk Hi	26.25p	26.25
52 Wk Lo	0.44p	0.44
Free Float	79%	79%

*Key Metrics FCF adj.	2019A	2020E
CPS (C\$)	-0.06	0.24
CPS (Exp D) (C\$)	-0.06	0.24
CPS (FD) (C\$)	-0.05	0.23
P/CPS	NM	78.9
P/CPS (Exp D)	NM	78.9
P/CPS (FD)	NM	83.7

Operational Strategy

Eurasia Mining is a long-established PGM and gold E&P miner now scaling up production. Management's strategy revolves around its two core projects: further expansion of West Kytlim mine and strategic review of its Monchetundra project which includes potential sale of the mine. We currently anticipate pushing our forecasts out after the post result note, but reiterate that at this time, we do not see this as a significant issue due to the nature of mining, the DFS potential and the overall potential created by Monchetundra, which dwarfs West Kytlim.

Exhibit 1: **Eurasia Mining Operating Metrics**

Adj. Metrics £ (mn)	2017A	2018A	2019A	2020E	2021E
EBITDA Adjusted	-1	-1	-1	11	247
%Growth		26%	3%	NM	2217%
%Margin	NM	-51%	-120%	55%	70%
EV/EBITDA adj.	NM	NM	NM	61x	3x
EV/EBITDA	NM	NM	NM	61x	3x
EBT Adjusted	-2	-3	-1	9	212
%Growth		52%	NM	-1196%	2326%
%Margin	NM	-126%	-71%	45%	60%
NI Adjusted	-2	-3	-1	7	169
%Growth		21%	-63%	-825%	2360%
%Margin	NM	-100%	-84%	36%	48%
EPS Adjusted	-0.08	-0.09	-0.03	0.25	6.21
%Growth		21%	-63%	NM	2360%
PE adj.	NM	NM	NM	73x	3x
PE	NM	NM	NM	73x	3x
EPS FD Adjusted	-0.07	-0.09	-0.03	0.24	5.86
%Growth		21%	-63%	NM	2360%
PE adj.	NM	NM	NM	78x	3x
PE	NM	NM	NM	78x	3x

Source: ACF Estimates, Company Reports.

Financial Projections annual

P&L £(m)	2017A	2018A	2019A	2020E	2021E
Revs	0.2	2.6	1.1	19.2	350.3
gr%		1299%	-56%	1603%	1722%
Total Expenses	-1.2	-3.9	-2.5	-8.6	-103.6
EBITDA	-1.0	-1.3	-1.4	10.6	246.7
% Revs	-566%	-51%	-120%	55%	70%
FV adj.	0	0	0	0	0
% Revs	0%	0%	0%	0%	0%
EBIT	-1.1	-1.3	-1.4	8.7	211.6
EBT	-2	-3	-1	9	212
% Revs	NM	-126%	-71%	45%	60%
ETR	0%	0%	-6%	20%	20%
NI	-2.1	-2.6	-0.9	6.9	169.2
% Revs	NM	-100%	-84%	36%	48%
Adj EPS (p)	-0.07	-0.09	-0.03	0.24	5.85
Basic EPS (p)	-0.14	-0.12	-0.04	0.26	6.28
Diluted EPS (p)	-0.14	-0.12	-0.04	0.24	5.85
Balance Sheet £(m)	2017A	2018A	2019A	2020E	2021E
PP&E	4.4	3.7	3.9	6.0	-25.0
Total Fixed Assets	5.7	4.5	4.8	6.9	-24.1
Current assets	0.1	0.1	0.2	0.4	6.9
Cash	0.1	0.5	0.9	7.1	234.7
Total Current Assets	0.2	0.5	1.1	7.5	241.6
Total Assets	5.9	5.0	5.9	14.4	217.5
Creditors	0.2	0.3	0.4	2.0	35.8
Other liabilities	0.2	0.0	0.1	0.1	0.1
Loans	0.6	0.0	0.0	0.0	0.0
Total Liabilities	1.1	0.3	0.5	2.1	36.0
Net Assets	4.8	4.7	5.4	12.3	181.5
Share Capital	26.6	28.8	30.7	30.7	30.7
Accum. Profit/(loss)	-24.5	-26.6	-27.6	-20.7	148.5
Total Equity	4.8	4.7	5.4	12.3	181.5
Total Equity & Liabilities	5.9	5.0	5.9	14.4	217.5
Basic NAV (p)	0.18	0.17	0.20	0.45	6.66
Diluted NAV (p)	0.17	0.16	0.19	0.43	6.28
Cash Flow £(m)	2017A	2018A	2019A	2020E	2021E
EBT Profit/(loss)	-2.1	-3.2	-0.8	8.7	211.6
Finance costs	-1.1	-0.6	0.0	0.0	0.0
FV adj. + Other adj.	0.0	0.0	0.0	0.0	0.0
Cash Taxes	0.0	0.0	-0.1	-1.7	-42.3
WCap change	0.2	0.1	-0.1	1.4	27.4
Net CFO	-0.9	-0.4	-1.1	10.2	231.6

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