



Eurasia Mining

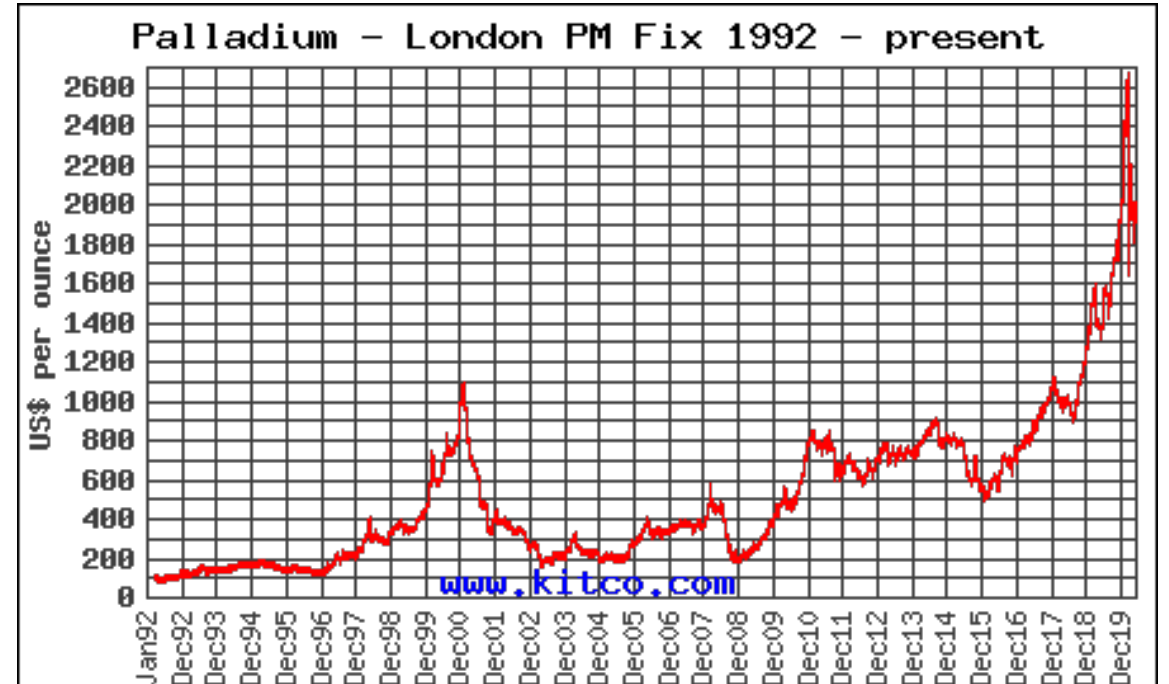
EXTRACTING VALUE FROM PALLADIUM

JUNE 2020

Palladium

- Atomic Number 46
- Used in Catalytic Converters (>50% of usage)
- Also used in electronics, fuel cells and jewelry

Mined in South Africa, Russia and North America



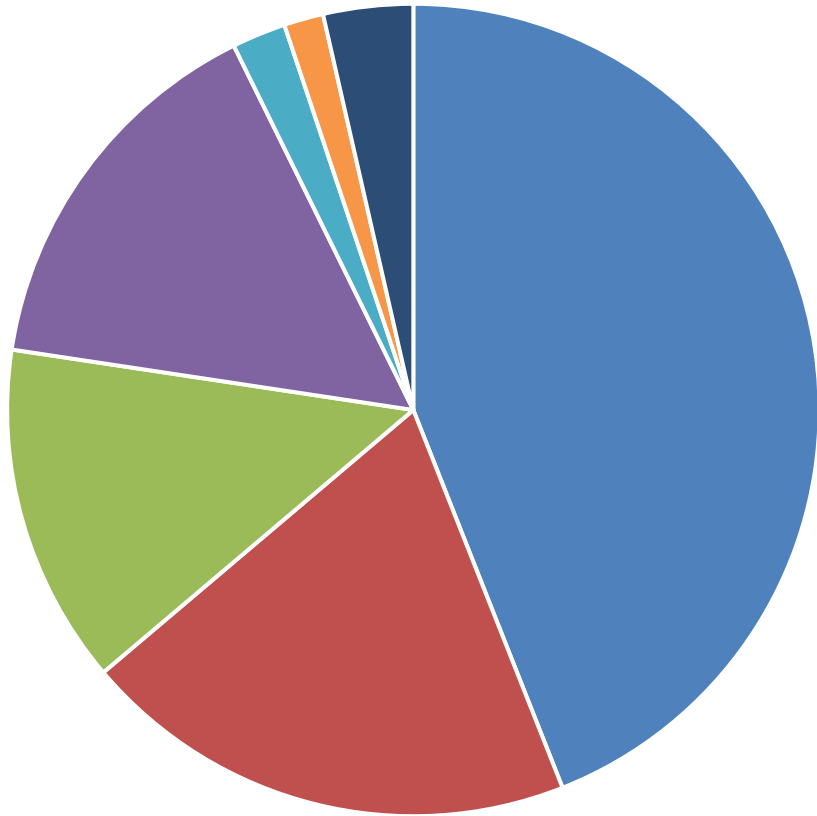
In structural deficit – prices rising sharply since 12.2018

Background Information

GMF78 RESEARCH

EXTRACTING VALUE FROM PALLADIUM - JUNE 2020

Palladium Production 2019



■ Norilsk ■ Anglo American ■ Sibanye ■ Implats ■ Northam ■ Africa ■ Vale

3080 Koz – Norilsk Nickel, Russia
1386 Koz – Anglo American, South Africa
1030 Koz – Implats (& NAP), South Africa & North America
949 Koz – Sibanye, South Africa & North America
250 Koz – Vale, North America
250 Koz – Northam, South Africa
250 Koz – Africa Rainbow Minerals (ARM), South Africa

Recycling – approx 3400 Koz

2019 Demand – 11500 Koz
Deficit approx 1100 Koz

Potential longterm for Eurasia, Russia
>850 Koz – Monchetundra
65 Koz – West Kytlim

Main players in Palladium

Changing dynamic with COVID-19

EXTRACTING VALUE FROM PALLADIUM - JUNE 2020

Company	2019	2020	Reduction	Official Updates
Norilsk Nickel	3.08Moz		222Koz	Q1 – down 222Koz
Anglo American Platinum (Amplats)	1.39Moz		285Koz	Apr20 guidance given 1.1-1.2Moz
Sibanye-Stillwater	949Koz		~79Koz	Est based on 50% during shutdown
Impala Platinum (Implats)	849Koz + 224Koz (NAP)		~107Koz	30-40% reduction May & June
Vale	250Koz		25Koz	~10% reduction in Q1 report
Northam	150Koz		~15Koz	Estimate based on 10% reduction
ARM (African Rainbow Minerals)	110Koz		~9Koz	Estimate based on shutdown
Total Production	7.0Moz	~6.3Moz	-742Koz	
Recycling and Other Sources	3.41Moz	~3.0Moz	-370Koz	Estimate 10-15% reduction
	10.4Moz	~9.3Moz	~ -1.1Moz	Over 1Moz reduction as of 1.5.20
Total Demand	11.5Moz	10.9Moz		
Structural Deficit	1.1Moz	~1.6Moz		TBC – demand forecasts need updating

Palladium Mining

Structural Deficit 1Moz in 2020 and beyond

EXTRACTING VALUE FROM PALLADIUM - JUNE 2020

Eurasia – Senior Management Team



CHRISTIAN SCHAFFALITZKY

Executive Chairman and Managing Director

EurGeol, FIMMM, Pgeo, CEng. 40 years experience in mineral exploration. Founder of CSA international. Numerous discovery credits including Lisheen zinc deposit in Ireland. Also chairman at Kibo Mining Plc.

GARY FITZGERALD

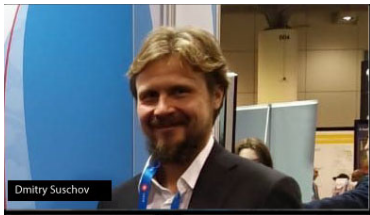
Non-Executive Director

30 years experience in investment management, prior director of Framlington Investment Management.

JAMES NIEUWENHUYS

Non-executive Director

James has held senior positions including Chief Operating Officer at Polyus Gold, Russias largest gold miner, and is currently Chief Executive Officer at South African Lesego Platinum Mining Limited. James has an engineering background and has also held senior positions at a number of EPC organisations.



DMITRY SUSCHOV

Non-Executive Director

Commodities trading veteran (primarily various grades of metallurgical and thermal coals) who has successfully built a major Pulverized Coal Injection (PCI) franchise throughout Asia, Europe and America with an annual turnover of up to \$100 million, thereby accumulating around 2.5% of the global PCI market share. He is also an investment banker with extensive experience in the Russian resources industry having previously worked with IG Capital, MDM Bank, PricewaterhouseCoopers and Ernst&Young as mining & metals leader in corporate finance for Russia and CIS.

Summary

From Eurasia Mining website

EXTRACTING VALUE FROM PALLADIUM - JUNE 2020

Eurasia – Senior Management Team



IAIN RAWLINSON

Non-executive Director

Iain is an experienced board member and a corporate strategy consultant. He has a law degree from Cambridge University, is a qualified barrister, and is also an experienced corporate financier. Iain started his career in investment banking with Lazard and Robert Fleming and was one of the initial partners of Fleming Family & Partners (FF&P) where he led the listing of Highland Gold PLC in 2002. Iain's independent board appointments in the corporate sector include Lithic Metals and Energy PLC (2007 to 2009), Dana Petroleum PLC (2005 to 2010), The Monarch Group (2009 to 2014), and Parkmead Group PLC (2010 to 2020). Iain's board positions in charities include Tusk Trust (Trustee from 2002 and Chairman from 2005 to 2013). He is currently a Non-executive Director at the Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust (since 2017).

ALEXEI CHURAKOV

Strategic advisor to the board

Mr. Churakov is a former Goldman Sachs and Morgan Stanley senior investment banker specialized in the mining sector. He has a background in cross-border M&A transactions operating from Moscow, London and New York. Alexei brings his extensive experience in mining M&A as well as maintaining a hands on approach at operational level.

ALEXANDER SUSHCHEV

Strategic advisor to the board

Alexander is a metallurgist by background and a former Chief Executive Officer of SMCM (molybdenum and rhenium metals producer) as well as a former manager at Norilsk Nickel.

Summary

From Eurasia Mining website

EXTRACTING VALUE FROM PALLADIUM - JUNE 2020

Eurasia – Share Capital

	TOTAL	Percentage
Ordinary shares	2,724,774,624	
Deferred shares	143,377,203	
Ordinary shares not in public hands	578,595,458	21.23%

Directors	555,217,013	20.37%
Hargreaves Lansdown (Nominees)	445,492,155	16.35%
Interactive Investors Services	345,371,603	12.68%
Queeld Ventures Limited	307,250,000	11.28%
Barclays DI (Nominees)	164,457,978	6.04%
HSDL(Nominees) Limited	141,996,497	5.21%
JIM Nominees LTD	136,632,866	5.01%

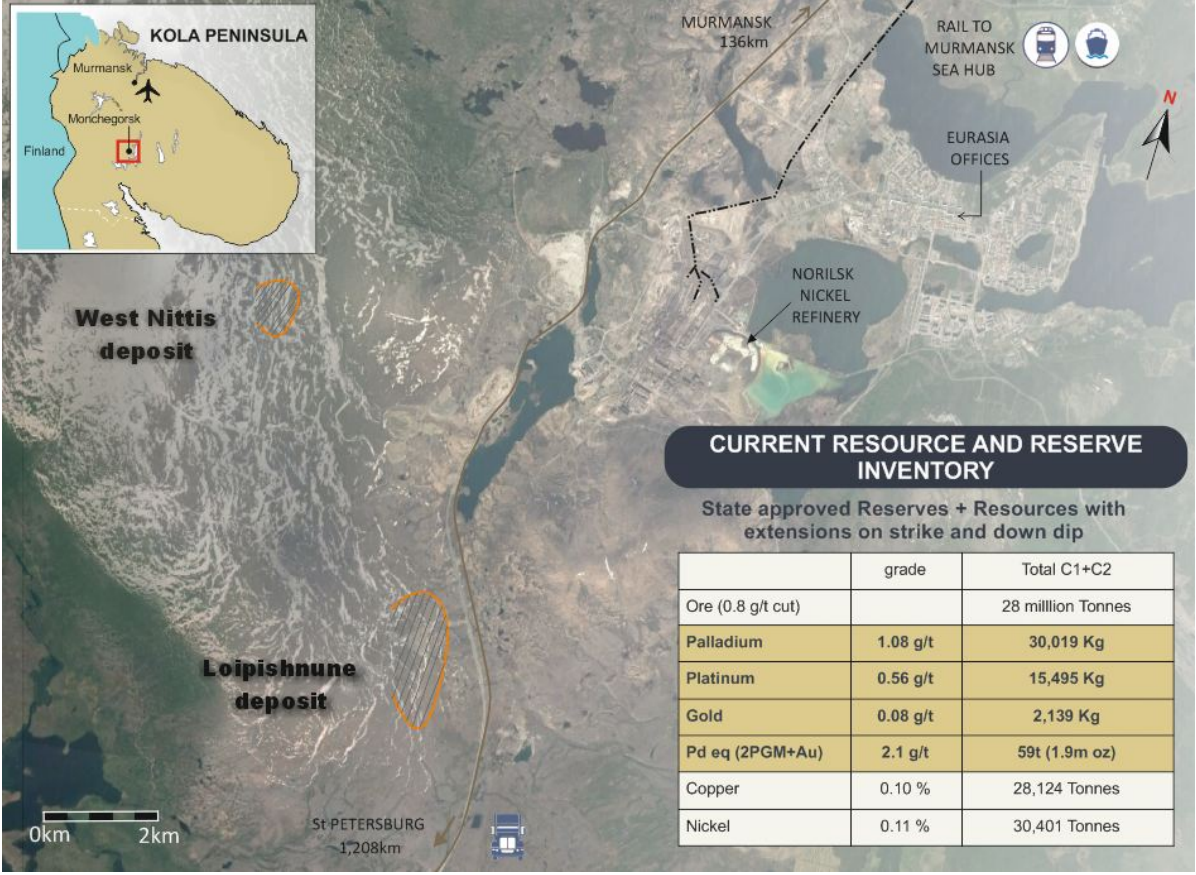
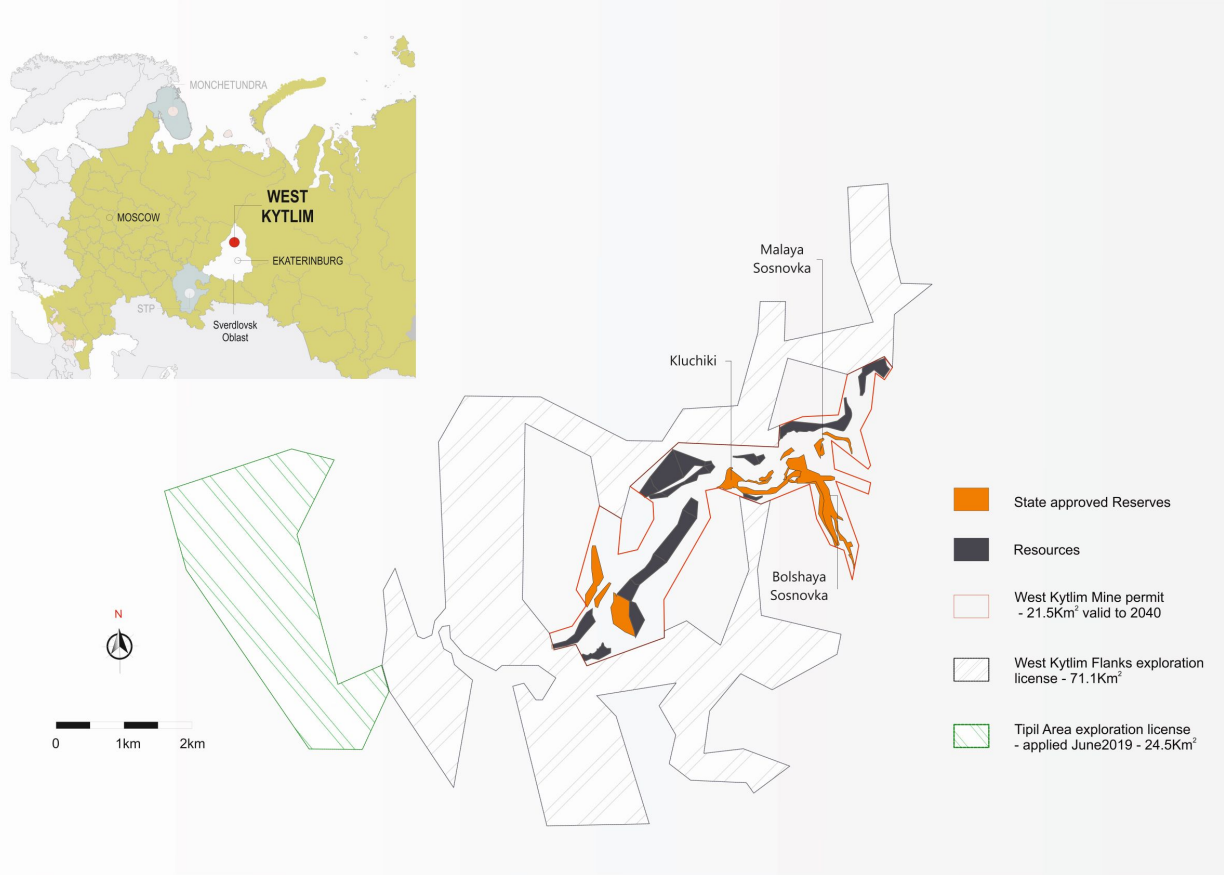
Directors have a lot of skin in the game

Skin in the game

From Eurasia Mining website

EXTRACTING VALUE FROM PALLADIUM - JUNE 2020

MONCHETUNDRA & WEST KYTLIM – TWO STRATEGIC ASSETS IN RUSSIA



What do they have at Eurasia Mining

From Eurasia Mining website

EXTRACTING VALUE FROM PALLADIUM - JUNE 2020

MONCHETUNDRA

LOCATION	: Murmanskaya oblast (Russia)
ASSET	: 1.9Moz PGM – Pd:Pt 2.36:1 awaiting final approval for licence extension 15Moz PGM will be new official reserve figure
OWNERSHIP	: 80% via TGK subsidiary
CURRENT PLAN	: EPCF Sinosteel \$150m backed 128Koz – 15yr LOM becomes >100yr for 15Moz, not best use of resource, makes sense to ramp up
SUGGESTED PLAN	: Find funding to increase to 850Koz 18yr LOM for 15Moz – approx. \$1bn capex

(potential longterm for 40Moz into surrounding area)

WEST KYTLIM

LOCATION	: Sverdlovskaya oblast (Russia)
ASSET	: open pit soft rock PGM – 21.5km ² Flanks exploration licence – 71.1km ² Tipil exploration licence TBC – 24.5km ²
OWNERSHIP	: 68%
CURRENT PLAN	: already operational ~ 2Koz new plant arrived Apr 2020, ramping up
SUGGESTED PLAN	: aim for 64 Koz

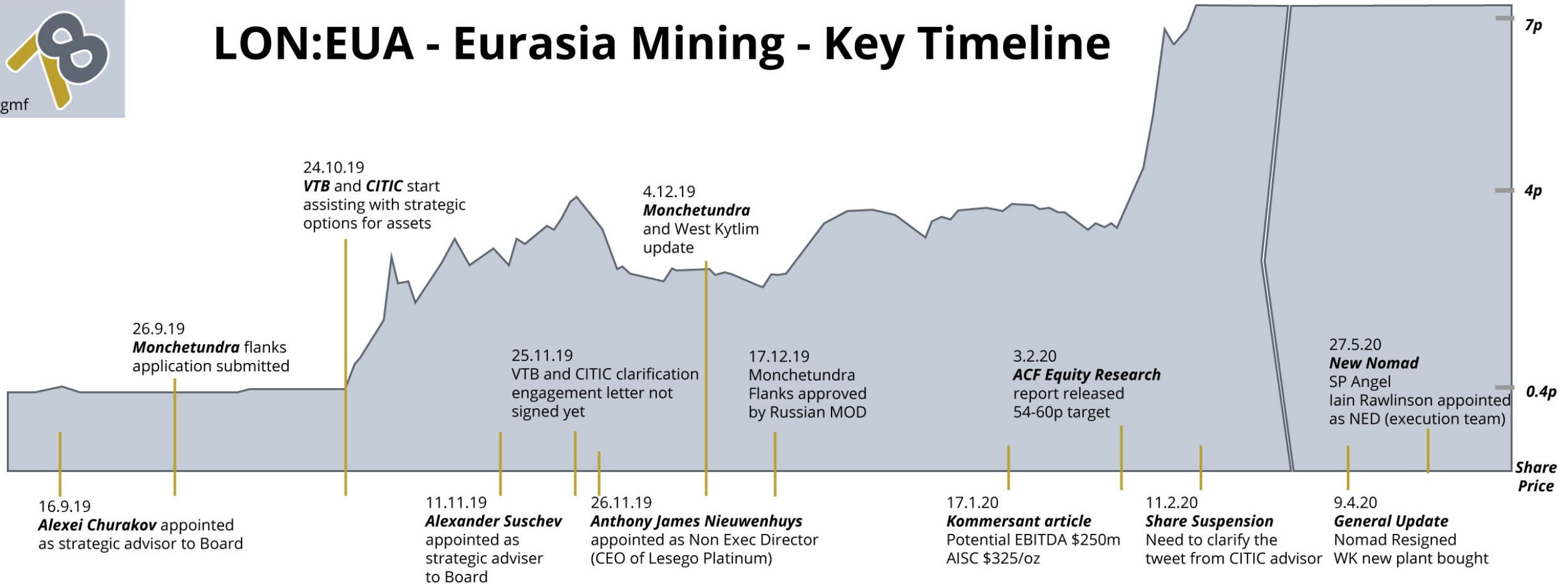
(further licences pending to extend LOM into adjacent areas)

EURASIA COULD HELP CLOSE THE 1100 KOZ STRUCTURAL DEFICIT ON PALLADIUM (~83%)

What do they have at Eurasia Mining



LON:EUA - Eurasia Mining - Key Timeline



Monchetundra Reserves (post flanks)

15Moz Palladium Equiv	\$2425/oz	in ground	\$36.3bn
229,000 tonnes Copper	\$5691/ton	in ground	\$1.3bn
298,000 tonnes Nickel	\$12788/ton	in ground	\$3.8bn

News still expected (as of 6.6.20)

Monchetundra flank application formal approval from SevZapNedra
 Engagement letters with CITIC and VTB
 Offers from interested bidders

The Story so far for Eurasia Mining

Deal	Date	Price	Reserves	AISC	Pd Price (at time)	Discount based on reserve profit over LOM
Implats – NAP Ontario, Canada	12.2019	\$708m	2.32Moz Pd	~\$800/oz	\$1900/oz	27.7% (708 / (2.32*1100))
Sibanye – Lonmin Bushveld, SA	2017 to 6.2019	£285m All Share Deal (\$350m approx.)	31.7Moz 4E PGM Pd:Pt 0.46:1 (Platinum Rich)	~\$900/oz	\$925/oz To \$1400 Deal took years	2.3% - 46.7% (370 / (31.7*25)) To (370 / *31.7*500)
Sibanye – Stillwater Montana, USA	12.2016	\$2200m	19.9Moz 2E PGM	~\$430/oz	\$750/oz	34.5% (2200 / (19.9*320))
Eurasia Mining Kola and Urals, Russia	2020	TBC	15Moz Pd Pd:Pt 2.36:1	\$325/oz	\$2000/oz	TBC avg 28.9%

Recent Deals in PGM sector

Mining EV/EBITDA 9.5	£/\$ 1.25								
Current Situation									
When fully producing, Monchetundra @ 4 tons, West Kytlim @ 1ton									
Pd Spot Price	\$/oz		1800	1900	2000	2100	2200	2500	3000
Market Value EV or MCAP	\$m		\$ 2,233	\$ 2,394	\$ 2,537	\$ 2,689	\$ 2,841	\$ 3,297	\$ 4,057
WK EBITDA			\$ 46	\$ 50	\$ 53	\$ 56	\$ 59	\$ 69	\$ 85
MT EBITDA	\$m		\$ 189	\$ 202	\$ 214	\$ 227	\$ 240	\$ 278	\$ 342
equivalent EUA Share Price			£ 0.60	£ 0.64	£ 0.68	£ 0.72	£ 0.76	£ 0.88	£ 1.10

Eurasia Mining current valuations

EBITDA analysis

EXTRACTING VALUE FROM PALLADIUM - JUNE 2020

Free Cash Flow and NPV – MT - 1.9Moz

	Monchetundra								
	Koz	Pd	AISC	EBITDA (m)	Capex (m)	Taxes (m)	WACC	Free Cash Flow (m)	Value
2021	\$ 202,000.00		325 \$	34	\$ 10	\$ 7	7%	\$ 17	\$ 16
2022	\$ 125,020.00		325 \$	212	\$ 10	\$ 42	7%	\$ 160	\$ 139
2023	\$ 125,204.20		325 \$	214	\$ 10	\$ 43	7%	\$ 162	\$ 132
2024	\$ 125,206.60		325 \$	217	\$ 10	\$ 43	7%	\$ 164	\$ 125
2025	\$ 125,208.21		325 \$	220	\$ 10	\$ 44	7%	\$ 166	\$ 118
2026	\$ 125,210.22		325 \$	222	\$ 10	\$ 44	7%	\$ 168	\$ 112
2027	\$ 125,212.34		325 \$	225	\$ 10	\$ 45	7%	\$ 170	\$ 106
2028	\$ 125,214.27		325 \$	227	\$ 10	\$ 45	7%	\$ 172	\$ 100
2029	\$ 125,216.57		325 \$	230	\$ 10	\$ 46	7%	\$ 174	\$ 95
2030	\$ 125,218.37		325 \$	233	\$ 10	\$ 46	7%	\$ 176	\$ 90
2031	\$ 125,220.24		325 \$	236	\$ 10	\$ 47	7%	\$ 179	\$ 85
2032	\$ 125,223.34		325 \$	238	\$ 10	\$ 48	7%	\$ 181	\$ 80
2033	\$ 125,225.65		325 \$	241	\$ 10	\$ 48	7%	\$ 183	\$ 76
2034	\$ 125,227.19		325 \$	244	\$ 10	\$ 49	7%	\$ 185	\$ 72
2035	\$ 125,229.95		325 \$	247	\$ 10	\$ 49	7%	\$ 188	\$ 68
2036	\$ 125,232.94		325 \$	250	\$ 10	\$ 50	7%	\$ 190	\$ 64
2037	\$ 125,234.16		325 \$	253	\$ 10	\$ 50	7%	\$ 192	\$ 61
2038	\$ 125,236.61		325 \$	255	\$ 10	\$ 51	7%	\$ 195	\$ 58
Totals	2145			\$ 3,996.56	\$ 180.00	\$ 796.79		\$ 3,020	\$ 1,596

Based on existing Sinosteel EPCF – mining 125Koz by 2022

Generates FCF \$3bn over 18 years, NPV \$1.6bn

Current fair Share Price for MT asset - £0.34 (prior to flank approval)

(Assumed WACC 7% as little evidence to support smaller number, tax rate 20%)

Note – this valuation does not include the 13.1Moz pending approval. Clearly they need to build a bigger mine to extract the true value at Monchetundra.

Eurasia Mining current valuations (FCF+NPV)

Free Cash Flow and NPV – WK

Monchetundra									
	Koz	Pd	AISC	EBITDA (m)	Capex (m)	Taxes (m)	WACC	Free Cash Flow (m)	Value
2021		\$ 202,000.00	\$ 325	\$ 34	\$ 10	\$ 7	7%	\$ 17	\$ 16
2022		\$ 125,020.00	\$ 325	\$ 212	\$ 10	\$ 42	7%	\$ 160	\$ 139
2023		\$ 125,204.20	\$ 325	\$ 214	\$ 10	\$ 43	7%	\$ 162	\$ 132
2024		\$ 125,206.60	\$ 325	\$ 217	\$ 10	\$ 43	7%	\$ 164	\$ 125
2025		\$ 125,208.12	\$ 325	\$ 220	\$ 10	\$ 44	7%	\$ 166	\$ 118
2026		\$ 125,210.20	\$ 325	\$ 222	\$ 10	\$ 44	7%	\$ 168	\$ 112
2027		\$ 125,212.30	\$ 325	\$ 225	\$ 10	\$ 45	7%	\$ 170	\$ 106
2028		\$ 125,214.27	\$ 325	\$ 227	\$ 10	\$ 45	7%	\$ 172	\$ 100
2029		\$ 125,216.57	\$ 325	\$ 230	\$ 10	\$ 46	7%	\$ 174	\$ 95
2030		\$ 125,218.37	\$ 325	\$ 233	\$ 10	\$ 46	7%	\$ 176	\$ 90
2031		\$ 125,220.24	\$ 325	\$ 236	\$ 10	\$ 47	7%	\$ 179	\$ 85
2032		\$ 125,223.13	\$ 325	\$ 238	\$ 10	\$ 48	7%	\$ 181	\$ 80
2033		\$ 125,225.65	\$ 325	\$ 241	\$ 10	\$ 48	7%	\$ 183	\$ 76
2034		\$ 125,227.19	\$ 325	\$ 244	\$ 10	\$ 49	7%	\$ 185	\$ 72
2035		\$ 125,229.95	\$ 325	\$ 247	\$ 10	\$ 49	7%	\$ 188	\$ 68
2036		\$ 125,232.94	\$ 325	\$ 250	\$ 10	\$ 50	7%	\$ 190	\$ 64
2037		\$ 125,234.16	\$ 325	\$ 253	\$ 10	\$ 50	7%	\$ 192	\$ 61
2038		\$ 125,236.61	\$ 325	\$ 255	\$ 10	\$ 51	7%	\$ 195	\$ 58
Totals	2145			\$ 3,996.56	\$ 180.00	\$ 796.79		\$ 3,020	\$ 1,596

Already operational

Generates FCF \$1.4bn over 18 years, NPV \$0.7bn

Current fair Share Price £0.12

(Assumed WACC 7% as little evidence to support smaller number, tax rate 20%)

**34p from MT + 12p from WK
underpins current target price of 46p**

Eurasia Mining current valuations (FCF+NPV)

Why Russian PGM ?

South Africa has issues to overcome - with Eskom power supply troubles and Covid-19 limiting the ability to work deep underground, it is to be expected they will look further afield to secure decent ounces of PGM. This is underpinned by Implats and Anglo American taking strategic positions in North America via NAP – Lac des Iles and Stillwater transactions in 2019 and 2016 respectively

Lack of New Projects

Arctic JV between Norilsk and Russia Platinum LLC fell apart 03.2020

Platinum Group Metals – 2024 earliest for Waterberg project if Implats decide to go ahead

Eurasia Mining represents the largest, lowest cost, route to mining the PGM needed to close the deficit

In order to maximise the opportunity, they should strongly consider a revised plan to extract more Pd each year
Suggest they look at 850Koz per year to keep LOM similar to Sinosteel plans

Investment Case

Mining EV/EBITDA 9.5

£/\$ 1.25

Stretch Target

Monchetundra producing 27 tons a year using 15Moz approved reserves, West Kytlim 2 tons a year

Pd Spot Price	\$/oz		1800	1900	2000	2100	2200	2500	3000
Market Value EV or MCAP	\$m		\$ 12,987	\$ 13,870	\$ 14,754	\$ 15,637	\$ 16,511	\$ 17,841	\$ 21,945
WK EBITDA	\$m		\$ 93	\$ 99	\$ 106	\$ 112	\$ 118	\$ 138	\$ 170
MT EBITDA	\$m		\$ 1,274	\$ 1,361	\$ 1,447	\$ 1,534	\$ 1,620	\$ 1,740	\$ 2,140
Equivalent EUA Share Price			£ 3.47	£ 3.71	£ 3.95	£ 4.18	£ 4.42	£ 4.77	£ 5.87

What happens with a bigger mine (EV/EBITDA)

Free Cash Flow and NPV – 15Moz

Creating a larger plan for Monchetundra – mining 850Koz by 2025 instead of 125Koz

Generates FCF \$18.3bn over 20 years, NPV \$8.95bn – Share Price £1.90 approx

(Assumed \$1bn to build larger facility at Monchetundra, WACC 7% as little evidence to support smaller number, tax rate 20%)

	Monchetundra									
	Koz	Pd	AISC	EBITDA (m)	Capex (m)	Taxes (m)	WACC	Free Cash Flow (m)	Value	
2021	202,000.00	\$	325	\$ 34	\$ 8	\$ 7	7%	\$ 19	\$ 18	
2022	1252,020.00	\$	325	\$ 212	\$ 8	\$ 42	7%	\$ 162	\$ 142	
2023	2502,040.20	\$	325	\$ 429	\$ 63	\$ 85	7%	\$ 281	\$ 229	
2024	5002,060.60	\$	325	\$ 868	\$ 63	\$ 173	7%	\$ 632	\$ 482	
2025	8502,081.21	\$	325	\$ 1,493	\$ 63	\$ 298	7%	\$ 1,132	\$ 807	
2026	8502,102.02	\$	325	\$ 1,510	\$ 63	\$ 301	7%	\$ 1,146	\$ 764	
2027	8502,123.04	\$	325	\$ 1,528	\$ 63	\$ 305	7%	\$ 1,160	\$ 723	
2028	8502,144.27	\$	325	\$ 1,546	\$ 63	\$ 308	7%	\$ 1,175	\$ 684	
2029	8502,165.71	\$	325	\$ 1,565	\$ 63	\$ 312	7%	\$ 1,190	\$ 647	
2030	8502,187.37	\$	325	\$ 1,583	\$ 63	\$ 316	7%	\$ 1,204	\$ 612	
2031	8502,209.24	\$	325	\$ 1,602	\$ 63	\$ 319	7%	\$ 1,219	\$ 579	
2032	8502,231.34	\$	325	\$ 1,620	\$ 63	\$ 323	7%	\$ 1,234	\$ 548	
2033	8502,253.65	\$	325	\$ 1,639	\$ 63	\$ 327	7%	\$ 1,249	\$ 518	
2034	8502,276.19	\$	325	\$ 1,659	\$ 63	\$ 331	7%	\$ 1,265	\$ 490	
2035	8502,298.95	\$	325	\$ 1,678	\$ 63	\$ 335	7%	\$ 1,280	\$ 464	
2036	8502,321.94	\$	325	\$ 1,697	\$ 63	\$ 339	7%	\$ 1,296	\$ 439	
2037	8502,345.16	\$	325	\$ 1,717	\$ 63	\$ 343	7%	\$ 1,312	\$ 415	
2038	8502,368.61	\$	325	\$ 1,737	\$ 63	\$ 347	7%	\$ 1,327	\$ 393	
2039	8502,392.29	\$	325	\$ 1,757	\$ 63	\$ 351	7%	\$ 1,344	\$ 372	
2040	8502,416.22	\$	325	\$ 1,778	\$ 63	\$ 355	7%	\$ 1,360	\$ 351	
Totals	14495			\$ 24,116.87	\$ 1,023.89	\$ 4,809.04		\$ 18,284	\$ 8,955	

What happens with a bigger mine (FCF+NPV)

Steps since suspension 11th Feb 2020

1. Nomad Changed - SP Angel replaced WH Ireland

Net effect – neutral. Delay in appointment caused concern, but SP Angel largest Mining Nomad on AIM by far, so a good upgrade.

2. Non-Exec Director Iain Rawlinson appointed

Net effect – positive. Strong background in M&A, RNS 27.5.2020 announced his addition to the execution team, suggesting a move towards a deal for the assets.

3. West Kytlim – Tipil Area

Applied for in June 2019, exploration licence potentially granted as Rosnedra website updated to show ‘satisfied’, awaiting confirmation via RNS. Will make it easier to achieve 64Koz/yr production

Awaiting news on Monchetundra Flank mining licence

List of AIM Mining NOMADs				
Rank	NOMAD	Total Mining Mcap Advised (£m)	Total Mining Clients	% Market share (Mcap)
1	SP Angel Corporate Finance LLP	1317.06	27	26.57
2	Beaumont Cornish Limited	832.9	14	16.80
3	Strand Hanson Limited	410.96	12	8.29
4	Numis Securities Limited	382.26	7	7.71
5	W.H. Ireland Limited	360.07	8	7.26
6	Grant Thornton UK LLP	345.37	6	6.97

Investment Case

Eurasia Mining Current Price

gmf78 research

7.2p

June

Target price (prior to flank approval)

46p

August

Takeover target price

77.5p

October

Longer term price

347-587p

gmf78 research

2025/26



See next page for details

Seek professional advice if required - If you are unsure of any investment decision you should seek a professional financial advisor. PowerOf78 and gmf78 are not registered investment advisers and will not provide investment advice or recommendations. We are not regulated by the Financial Conduct Authority.

Investment risks - The value of shares can fall as well as rise. Dividend payments can fall as well as rise. Any information relating the to past performance of an investment or investment service is not a guide to future performance. Share prices may go down as well as up and you may not get back the original amount invested. You should not buy shares with money you cannot afford to lose.

EXTRACTING VALUE FROM PALLADIUM - JUNE 2020

Eurasia Share Price Targets

Current Price	: 7.2p
Target Current Price	: 46p (based on NPV \$2.3bn and 80% owned MT, 68% owned WK)
Comparison to other sector deals	: 28.9% discount to reserve profit too high as mine not built yet at MT Believe 10-15% discount fairer - \$2.55bn - \$3.82bn. With 80% ownership at MT yields 56 – 84p - target 70p
Valuation based on current reserves	: 60p – 110p – target 85p (based on 15Moz and Pd @ \$1800-\$3000 range)
Longer term valuation	: with larger mine built at Monchetundra and West Kytlim expanded 347p – 587p (based on Pd \$1800-\$3000 range)

Massive uplift potential, average target price 77.5p with potential for more by 2025/6

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