

# Robust Feasibility Study with Low CAPEX Moves Euro Sun's Rovina Valley Project to Financing Phase

written by InvestorNews | April 22, 2021

[Euro Sun Mining Inc.](#) (TSX: ESM) is developing the gold-copper Rovina Valley Project in Romania that hosts the second-largest undeveloped gold deposit in Europe at 7 million ounces gold and 1.5 billion pounds of copper.

Last month, Euro Sun released a [Definitive Feasibility Study](#) (DFS) for Phase 1 of the project. In Phase 1, the project focuses on the exploitation of two open-pit gold-copper deposits, Colnic and Rovina. In Phase 2, the Ciresata underground deposit is expected to be mined once the open pit deposits are depleted.

## Highlights of the Feasibility Study

- Average annual gold of 106,000 ounces of gold and 19 million pounds of copper per year in years 1-10, with annual average gold production of 81,000 ounces and 24.3 million pounds of copper for Life of Mine (LOM).
- Production of over 1.36 million ounces of gold and 408 million pounds of copper over a mine life of 16.8 years.
- All-in Sustaining Costs (AISC) of US\$790 per gold equivalent ounce in years 1-10 and US\$813 for LOM.
- Initial CAPEX is expected to be US\$399.2 million including the pre-strip capital.
- After-Tax Net Present Value (NPV) of US\$359 million using an interest rate of 5% with an Internal Rate of Return

(IRR) of 19.2% at US\$1,550 per ounce gold and US\$3.30 per pound copper.

- Processing 21,000 tonnes per day incorporating simple flotation, dry stack tailings, and no cyanide.

The Rovina Valley Project lies in the Western part of the Tethyan Belt, a proven mining region stretching from Eastern Europe to Asia that has a long history of mining activity, stretching as far back to at least the Roman Empire.

The project benefits from the local infrastructure and the Company does not have the extra expense of building a mining camp or access roads.

In addition, the project ranks high on the Environmental, Social, and Corporate Governance (ESG) scale as the power for the ore processing comes from low-cost hydroelectric or nuclear power.

Euro Sun plans to produce a copper concentrate and is targeting the burgeoning battery metals market in Europe that is looking to address upcoming supply concerns as the market transitions to a green economy.

## **NI 43-101 Technical Report**

Last week, the Company filed a National Instrument 43-101 compliant [Technical Report](#) supporting the DFS on the Rovina Valley Project.

The Technical Report provided an updated mineral resource estimate and the maiden mineral reserve statement for the open pit deposits (Colnic and Rovina), incorporating feasibility level operating parameters and metal price update for the resources.

With the filing of the NI 43-101 report, Euro Sun can now start

discussions with banks and other lenders on credit financing, as well as off-take or royalty agreements with other 3<sup>rd</sup> parties to organize and optimize a funding package for the initial US\$399 million CAPEX.

## **Balance Sheet**

In June 2020, Euro Sun closed a \$22.3 million equity financing led by Sprott Capital Partners with participation from institutional investors including three large gold funds – Ruffer, Franklin Resources, and ASA Gold.

The capital raised from the financing should provide the Company with funding through the permitting process. As of December 30, 2020, the Company had C\$10.9 million in Cash and Short-term investments.

In addition, Euro Sun is moving forward with a listing on the LSE to increase shareholder reach as it targets European institutional investors looking to invest in an ESG-friendly battery metal project.

## **Next Steps**

Euro Sun has already initiated an Environmental Assessment process on the project and the rezoning of land to mining from farm and pasture lands.

Investors should expect continual news flow as the permitting progress with the goal of starting construction as soon as possible and mine production in 2024.

## **Final Thoughts**

With a low CAPEX of US\$399.2 million, including the pre-strip capital, the project should find financing, lowering the finance risk on the project.

Although the Rovina Valley Project hosts 7 million ounces of gold and 1.5 billion tonnes of copper, the DFS only covers the production of over 1.36 million ounces of gold and 408 million pounds of copper from the two main pits in Phase 1.

The Phase 2 underground potential at Ciresata could address a Mineral Resource Estimate of 3.82 million ounces of gold and 515 million pounds of copper in the Measured & Indicated category.

Euro Sun closed yesterday at C\$0.40 with a Market Cap of C\$68 million, valuing the Company at only US\$25 per gold equivalent ounce and not giving any credit for Phase 2 or the other untapped resources on the project site.

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## **Euro Sun Mining is receiving large institutional gold investor attention as the BFS is due soon**

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[Euro Sun Mining Inc.](#) (TSX: ESM) is developing their large 100% owned gold-copper porphyry Rovina Valley Project in Romania. The Project has a M&I Resource of [7.05 million gold ounces and 1.39 billion copper pounds](#), a completed positive 2019 PEA, and a 20 year renewable Romanian Mining Licence. The Rovina Valley Project intends to be a large-scale bulk tonnage open pit mine for gold and copper production.

The Rovina Valley Project covers 27.68 km<sup>2</sup> in west-central

Romania and is 300 km northwest of the capital city of Bucharest. This historic mining district is known as the “Golden Quadrilateral” and is one of the largest gold producing areas in Europe where it is estimated that more than 55 M oz of gold has been produced.

**The Rovina Valley Project is comprised of three main deposits less than 3kms apart – Rovina, Colnic, & Ciresata (combined M&I 7m ozs gold & 1.39b lbs copper)**



### [Source](#)

### **What to expect in the upcoming Bankable Feasibility Study (BFS):**

Of interest is that the February 2019 PEA was based on just the Colnic deposit and only on a 12 year mine life, and at a US\$1,325/oz gold price. Today with spot gold prices about 40% higher than in the PEA, it means the NPV is now about 300% higher if using current spot prices. Or put in dollar terms the NPV rises from US\$228M to US\$684M, based on the gold prices shown in the chart below. That is a super impressive leverage to gold prices. The reverse is also true if gold prices fall back.

Added to this is the fact that the BFS will now address two of the deposits Colnic and Rovina, which can mean higher gold and copper production and/or a longer mine life (18-20 years), with minimal change to the initial CapEx. This usually serves to give the NPV a nice boost.



Furthermore if there is a higher project NPV in the upcoming BFS it will mean that the CapEx of US\$339.7m is quite reasonable given the size of the resource, due to the fact that one central

processing plant can serve all 3 deposits (2 initially).

President and CEO of Euro Sun Mining Inc., Scott Moore, [stated](#) to InvestorIntel:

“We are probably one of the cleanest projects out there. We don’t use cyanide. We don’t use wet tailings....Porphyry projects usually have big CapEx. We don’t have a big CapEx,” he added, owing to cheap power, skilled labour force and great infrastructure. “It is big. We can move earth inexpensively and we can make a lot of money particularly with the simple processing that we have.”

Local infrastructure is excellent with a modern network of roads and rail in place, low-cost hydro power generation and distribution all installed, a nearby township, and available skilled labor force.

Near term catalysts for Euro Sun Mining include the BFS in late 2020, Construction License to build the project during Q1, 2021; then all going well project funding to follow the BFS and a start to project construction sometime in 2021. Longer term there is the upside potential that can come from bringing the M&I 3.8M gold oz Ciresata underground deposit also into production.

Euro Sun Mining continues to trade somewhat under retail investors radar; however a recent [C\\$12M](#) bought deal financing was increased to about [C\\$23M](#) to meet demand, with institutions grabbing [C\\$17M](#) of the financing. These institutions included several well known gold funds.

All indicators are pointing towards a very robust BFS to be released soon and further interest from investors. My best guesstimate would be for the NPV to be above US\$700M due to higher gold prices, boosted production and/or a longer mine

life. Given the current market cap is C\$56M (US\$42M) there should be plenty of interest generated once the BFS is released. Of course the project is in Romania (part of the EU) and is not yet project funded, which adds some risk. Management has been [boosted](#) recently with personnel to advance the permitting and engineering work, and the Board has added two independent directors. Given the recent stock price pull back it looks to be a good time to take a look again at Euro Sun Mining.

### Further learning

- [Euro Sun Mining's Rovina Valley Gold Project getting the attention it deserves \(video\)](#)
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# Euro Sun Mining's Rovina Valley Gold Project getting the attention it deserves

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InvestorIntel's Peter Clausi talks with Scott Moore, President and CEO of [Euro Sun Mining Inc.](#) (TSX: ESM) about Euro Sun's Rovina Valley Gold Project. "We are probably one of the cleanest projects out there. We don't use cyanide. We don't use wet tailings," Scott said. "Porphyry projects usually have big CapEx. We don't have a big CapEx," he added, owing to cheap power, skilled labour force and great infrastructure. "It is big. We can move earth inexpensively and we can make a lot of money particularly with the simple processing that we have."

Scott also provided an update on Euro Sun's recently closed

C\$22.3 million bought deal financing. “We had \$17 million of institutional demand in the financing,” he said. “The institutional demand was international, from United States, Hong Kong, Paris, and London with three of the largest funds that are out there – Ruffer, Franklin Templeton and ASA Gold taking significant positions.” Commenting on what’s coming up for Euro Sun, Scott noted that “the stock has gone from 15 cents in March to 60 cents now,” with “some significant catalysts coming up in the next 6 to 12 months.”

To watch the complete interview, [click here](#)

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