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

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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 3rd 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.