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 km² 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 that 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)