

**Polish Coal : low cap.ex; low op.ex**

**BMB has 3 projects; PFS values first project at \$415m.**

Recommendation

**BUY; High Risk**

Price

**1.7c**

Risked Asset Valuation

Base case : **\$1,126m**

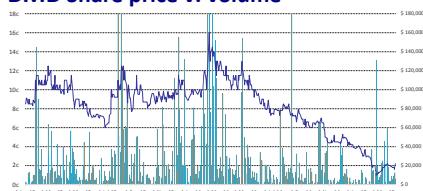
Spot prices : **\$487m**

- The PFS for BMB's Mariola thermal coal advised project capital of US\$ 79m to sell 2.7Mt/yr of RoM thermal coal at an all in cost of \$45/t. The PFS gives a project NPV of US\$ 313m, after-tax, un-g geared.
- In our view, this valuation is conservative in terms of coal quality, mine life, gearing, operating costs and projected coal prices.
- BMB has 2 more projects each of which add significant value at current coal prices, after allowing for feasibility costs and time, taxes and other requirements.
- BMB is trading at less than 2% of our base case valuation of the Mariola project. It has 2 major, supportive shareholders, so to preserve value, management is seeking to de-list from the ASX.

**Snapshot**

Market Cap	\$10.6m
Shares on Issue	626.6m
Cash on hand (31 Dec 2014)	\$2.05m
52 Week High	14.50c
52 Week Low	0.5c
1 month / 6 month VWAP	1.9c / 2.5c

**BMB Share price v. volume**



BMB acquired Nowa Ruda in July 2013 by award of exploration rights. Nowa Ruda was an operating mine closed in 1996, producing about 1Mt/yr of coking coal.

BMB has since acquired the Mariola thermal coal project. BMB announced a PFS valuing the project at US \$313m.

BMB acquired the Sawin exploration lease in July 2014. Sawin is adjacent to Prairie Metals (PDZ.ASX)'s Lublin project, which is adjacent to the operating Bogdanka mine.

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**Mariola PFS: 2.7Mt/yr of thermal coal, all-in costs of \$45/t**

BMB announced the PFS results on 4 March 2015. The PFS gave a value of US\$ 313m, un-g geared, after-tax, at about current coal prices.

In Beer & Co's view, this valuation is conservative in terms of coal quality, mine life, operating costs and capital costs.

**BMB has 2 other valuable projects, at Nowa Ruda and Sawin**

Nowa Ruda is a coking coal operation that was mined until 1995. Recent drilling has shown thick intercepts of high quality, hard coking coal. Beer & Co's analysis shows that Nowa Ruda adds value at current coal prices, even after allowing for the time and cost of feasibility studies, with a much higher value at base case prices.

Sawin is near PDZ's Lublin project and the operating Bogdanka mine. BMB has announced a Resource of 1,200Mt of a high energy thermal coal / semi-soft coking coal. Due to its depth, capital costs will be significant, but Beer & Co's analysis shows a strongly positive NPV using today's prices.

**Management to preserve value by de-listing.**

BMB's current market cap is less than 2% of Beer & Co's base case value of the Mariola project, using current spot prices. The company has 2 major, supportive, shareholders, and BMB management will seek to preserve value by de-listing from the ASX and operating as a private company for a time, and seek a re-listing at a later time, when value is more clearly seen.

**Buy recommendation, despite de-listing**

Investors will have very limited liquidity for about 18 months, but in our view there is significant value for shareholders who can be patient.

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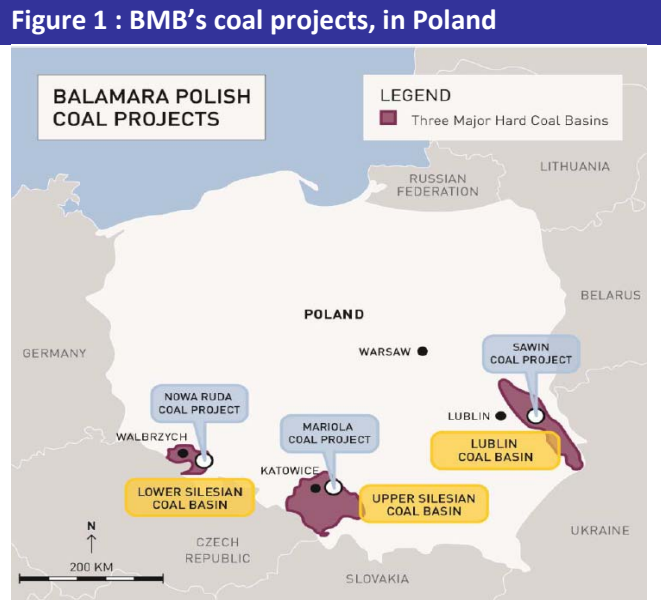
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BMB : BUY, despite de-listing

Description

While BMB has interests in 3 base and precious metals exploration projects, its focus is on 3 coal projects in Poland, as shown in Figure 1, one in each of the three major coal basins in Poland.

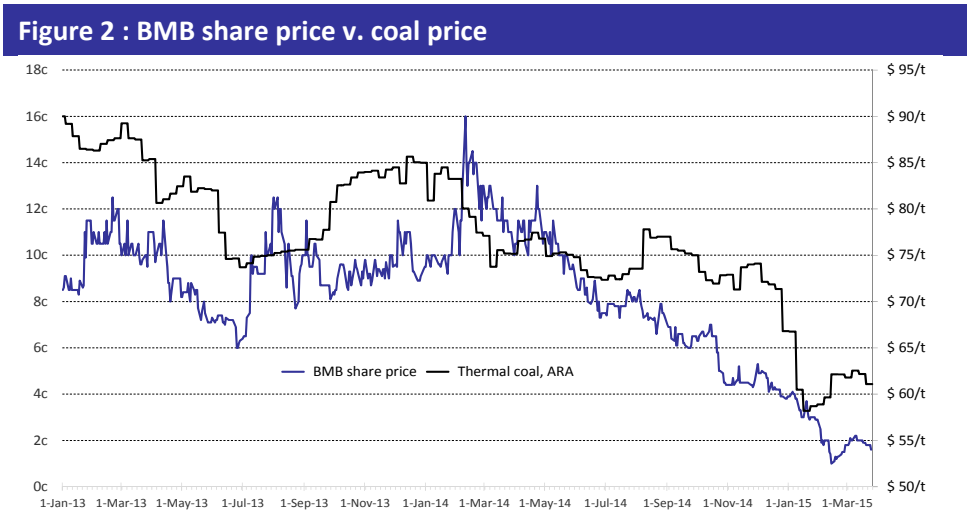
BMB has 3 coal projects in Poland, one in each of the three major Polish coal producing basins.



Source : BMB Presentation, March 2015

BMB announced the acquisition of the Nowa Ruda leases in July 2013. BMB has since acquired Sawin and Mariola, the former through a lease application and the latter purchased for BMB scrip.

The BMB share price has been falling with European coal prices



Sources : IRESS, Reuters & McCloskey, Beer & Co

In addition to the falling coal price and poor investor sentiment on coal, the weakening BMB share price can also be attributed to

(i) The failure to receive \$15m in cash, which would have taken BMB though to completed feasibility studies, meaning that equity needs to be raised; and

(ii) Wariness among investors of Poland, as well as coal

Figure 2 shows that the BMB share price jumped when the Nowa Ruda acquisition was announced on 24 July 2013. Since then, the BMB share price has steadily fallen, apart from the spike in the share price in February 2014 when BMB announced the sale of its Balkan Metals assets for \$15m in cash. Beer & Co attributes this share price fall to three factors :

- The failure to receive \$15m in cash that had been expected from the sale of BMB's Balkans Metals project, and hence the need to raise further equity;
- The continued fall in the coal price;
- A lack of understanding of the value of BMB's projects, which is partly because it is coal, which is out of favour, and partly because it is in Poland, which is poorly understood.

This is despite the increasing value in BMB's assets as they are progressively de-risked. This led to BMB's announcement, on 13 February 2015, that it will seek to delist from the ASX.

## Mariola Coal Project

Mariola is a relatively shallow thermal coal project that is intended to be mined as an under-ground operation.

On 5 December 2014, BMB announced a JORC 2012 compliant resource estimate, as shown in Figure 3.

**Figure 3 : Resource estimate for Mariola**

BMB's Mariola thermal coal project has 120Mt in JORC Resources.

		kCal/kg	moisture	dry ash	Sulphur	Volatiles
Indicated	85.6Mt	6,118	11.5%	11.5%	1.59%	31.7%
Inferred	35 Mt	5,975	12%	12%	1.5%	31%
<b>TOTAL</b>	<b>120.6 Mt</b>	<b>6,076</b>	<b>12%</b>	<b>12%</b>	<b>1.6%</b>	<b>31%</b>

Source : BMB ASX announcement, 5 December 2014

The Resource estimate is based on 11 of 20 identified seams

Drilling has identified 20 seams in the resource model, but the resource estimate is based on 11 of these 20 seams, excluding those less than 80m below the surface.

BMB announced the results of a Pre-Feasibility Study (PFS) on 4 March, 2015. It is based on a Reserve of 39.5Mt, from 5 seams, as shown in Figure 4.

**Figure 4 : Mariola Reserves**

Mariola has a PFS based on a Reserve estimate of 39.5Mt in only 5 of these seams

Seam	Reserve	air dried basis				
		kCal/kg	moisture	dry ash	Sulphur	Volatiles
S 208	7.3Mt	5,532	9.98%	22.78%	1.90%	32.78%
S 209	4.5Mt	5,229	10.81%	27.54%	2.17%	31.67%
S 210	5.0Mt	4,588	11.65%	32.93%	1.20%	25.41%
S 214	15.5Mt	5,859	12.66%	17.79%	1.21%	28.77%
S 301	7.2 Mt	5,653	13.21%	20.16%	1.62%	28.59%
<b>TOTAL</b>	<b>39.5 Mt</b>	<b>5,530</b>	<b>11.91%</b>	<b>22.16%</b>	<b>1.52%</b>	<b>29.39%</b>

Source : BMB ASX announcement, 4 March 2015, Beer & Co

The PFS is based on sale on Run of Mine coal

The PFS is based on the sale of RoM product. Beer & Co expects it would sell at a discount of about \$7.50/t to the ARA price shown in Figure 2. The discount comprises a location premium, as Mariola has 14 coal fired power stations within 125km, more than offset by penalties for ash, sulphur and lower energy levels.

Beer & Co expects the coal will sell at a discount to the ARA benchmark due to its higher ash and sulphur and lower energy,

but attract a location premium reflecting the cost of alternative supply, given that Poland imports thermal coal.

The PFS estimated a total capital cost of US\$ 79m, of which \$6.0m is spent prior to construction.

The PFS is based on a mine capacity of 3.0Mt/yr to produce an average of 2.7Mt/yr of RoM coal. It estimated cash costs of US\$ 45/t.

The PFS generated an NPV for the Mariola project of US\$ 312.7m.

In Beer & Co's view, this is very conservative :

- There is a very large contingency in the capital cost estimate, as the capital costs over the period form year 0 to year 3 total only \$56.9m;
- The cash costs appear high when compared with the estimate by Prairie Metals (PDZ.ASX) which advised cash costs of US\$ 37/t of product coal, assuming a 78% washery recovery, from its Lublin coal, when that coal starts at over 600m below surface, compared with 100m for Mariola; and
- The PFS is based on after-tax but un-g geared cashflows.

Beer & Co has adjusted our cash costs to reflect the PFS and used \$42/t in our modelling.

Figure 5 shows our projected assumptions and resulting cashflows.

**Figure 5 : Beer & Co base case projections**

USD m	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Thermal Coal, ARA	\$ 65/t	\$ 74/t	\$ 75/t	\$ 75/t	\$ 75/t	\$ 75/t	\$ 75/t	\$ 75/t	\$ 75/t	\$ 75/t	\$ 75/t
Coal sold	0 kt	350 kt	2,344 kt	2,970 kt	2,716 kt	2,703 kt	2,703 kt	2,703 kt	2,703 kt	2,703 kt	2,703 kt
Revenue per tonne	\$ 57/t	\$ 66/t	\$ 68/t	\$ 68/t	\$ 68/t	\$ 68/t	\$ 68/t	\$ 68/t	\$ 68/t	\$ 68/t	\$ 68/t
Revenue	0	24	158	200	183	182	182	182	182	182	182
Total Cash Costs	0	(13)	(58)	(68)	(64)	(65)	(65)	(66)	(67)	(67)	(68)
Royalties	0	(1)	(4)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Dep'cn & Amort'sn	0	(1)	(8)	(10)	(9)	(8)	(8)	(7)	(2)	(2)	(2)
E B I T	0	8	88	118	106	105	104	105	109	109	108
Interest Expense	(0)	(4)	(4)	(4)	(3)	(2)	(1)	(0)	0	0	0
Tax Expense	0	(1)	(16)	(22)	(20)	(19)	(20)	(20)	(21)	(21)	(21)
N P A T	(0)	4	68	93	83	83	84	84	88	88	87
Feasibility	(6)	0	0	0	0	0	0	0	0	0	0
Project Cap.Ex Cap.f	(55)	(18)	0	0	0	0	0	0	0	0	0
Sus. Cap. Ex	0	(0)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Net Cashflow	(61)	(13)	75	100	90	89	90	90	88	88	87

Source : Beer & Co estimates

The PFS estimated an NPV of US\$313m

Figure 6a shows that, based on the Reserves, our valuation is very similar to that of the PFS, using spot prices. Figure 6b shows that Beer & Co's base case valuation is AUD 784m, while other potential values all show valuations significantly greater than both the investment required and BMB's market cap.

In our view, the PFS is conservative in its estimates of cap.ex, op.ex and revenue.

**Figure 6a : Beer & Co valuation of Mariola, in USD terms**

USD m	Long Run = US\$ 75/t		Spot price = US\$ 61/t	
price v. benchmark	(US\$7.5/t)	US\$ 0.0/t	(US\$7.5/t)	US\$ 0.0/t
Inventory = 41 Mt	515	608	331	478
Inventory = 60Mt	<b>591</b>	684	385	425

Source : Beer & Co estimates

Our base case valuation is \$A 784m.

Using spot prices, our valuation is \$A 421m.

**Figure 6b : Beer & Co valuation of Mariola, in AUD terms**

AUD m	Long Run = US\$ 75/t		Spot price = US\$ 61/t	
price v. benchmark	(US\$7.5/t)	US\$ 0.0/t	(US\$7.5/t)	US\$ 0.0/t
Inventory = 41 Mt	682	806	421	606
Inventory = 60Mt	<b>784</b>	907	488	539

Source : Beer & Co estimates

## Nowa Ruda Coal Project

On 24 July 2013, BMB announced that it had acquired the Nowa Ruda project as an exploration tenement. It had been mined for some time, being closed in 1995 when High Quality Hard Coking Coal prices were about US\$ 50/t.

**BMB has recently released some drilling results on Nowa Ruda.**

**These results show thick, mineable seams of High Quality, Hard Coking Coal, which washes to a premium low ash product**

**Beer & Co expects the location premium to be greater than the discount to the FOB Queensland benchmark price.**

**Nowa Ruda was an operating mine until the mid 1990s; it was shut when coal price was \$50/t.**

**Beer & Co have estimated a capital cost of US\$ 155m to refurbish the mine, plus \$10m in feasibility costs. To produce 1.4Mt/yr of RoM coal for 980kt/yr of product, at an all in cost of US\$ 78/t.**

### Coal

While there was significant geological information available on Nowa Ruda, including 1.5Mt in developed coal plus a further 91Mt in defined mineralisation, across a range of coking and thermal coals, it was not JORC compliant.

BMB announced an initial resource estimate on 28 April and 2 May 2014, of 8.76Mt in Indicated Resources, 14.3Mt in Inferred resources plus an exploration target of 112 to 161Mt.

BMB is currently drilling and on 10 March 2015, BMB announced the results of its first three holes in its current drill programme, as indicated in Figure 15. The results shows that Nowa Ruda coal is very near benchmark for High Quality, Hard Coking Coals (HQ HCC) in all important parameters :

- Free Swell Index (CSN) of 7.0 – 7.5, compared with benchmark of 8.0;
- Roga Index (CSR) of 68 – 77, compared with benchmark about 70 and higher; and
- Ash content of 1.79% to 6.85% after washing, compared with benchmark 8.0%.

BMB also advised that the Sulphur level is around 1%, which is the benchmark level.

We expect Nowa Ruda coal will sell at a small discount, say \$5/t, to the FOB benchmark, but gain a premium of \$15/t for transport for a net premium of \$10/t.

### Development

Nowa Ruda has considerable infrastructure in place, including extensive underground development, including :

- Production and ventilation shafts
  - the main shafts are in place but require regeneration work as they were capped and stripped of equipment;
- Horizontal underground development work, including cross-cuts and access drives between the two main deposits; and
- Surface infrastructure such as roads, rail, power and water are all available at the mine gate.

Beer & Co expects that Nowa Ruda will be mined using 4 continuous mining units, and that these will be leased and so are not included in the capital cost estimate, of US\$ 155m, of which \$10m is feasibility assessment.

Beer & Co expects Nowa Ruda to mine 1.4Mt/yr of RoM coal with a 70% washery yield to produce 980kt of product coal.

Beer & Co estimate C1 cash costs of US\$ 50.6/t of RoM, a premium of 29% over the comparable costs for Mariola. Higher costs arise as Nowa Ruda is deeper and uses CM units while Mariola employs a Long-Wall, which has much higher productivity.

Estimated C1 costs for product coal is US\$ 69/t and all-In cash costs are US\$ 74/t.

Figure 7 shows Beer & Co's projected financial outcomes for Nowa Ruda.

**Figure 7 : Beer & Co's projected financial outcomes for Nowa Ruda**

USD m	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024
Coal sold	0 kt	0 kt	21 kt	629 kt	968 kt	980 kt	980 kt	980 kt	980 kt	980 kt
HQ HCC benchmark	\$ 135/t	\$ 149/t	\$ 150/t	\$ 150/t	\$ 150/t	\$ 150/t	\$ 150/t	\$ 150/t	\$ 150/t	\$ 150/t
Revenue per tonne	\$ 130/t	\$ 145/t	\$ 159/t	\$ 160/t	\$ 160/t	\$ 160/t	\$ 160/t	\$ 160/t	\$ 160/t	\$ 160/t
Revenue	0	0	3	94	155	157	157	157	157	157
Total Cash Costs	0	0	(2)	(45)	(65)	(65)	(65)	(66)	(66)	(66)
Royalties	0	0	(0)	(2)	(4)	(4)	(4)	(4)	(4)	(4)
Dep'n & Amort'sn	0	0	(1)	(17)	(26)	(27)	(27)	(27)	(27)	(27)
E B I T	0	0	(0)	30	60	61	61	60	60	60
Interest Expense	0	0	(5)	(9)	(8)	(6)	(5)	(3)	(1)	(1)
Tax Expense	0	0	1	(4)	(10)	(10)	(11)	(11)	(11)	(11)
N P A T	0	0	(4)	17	42	44	45	46	48	48
Feasibility	(6)	(1)	0	0	0	0	0	0	0	0
Project Cap.Ex Cap.£	0	(73)	(73)	0	0	0	0	0	0	0
Sus. Cap. Ex	0	0	(0)	(1)	(2)	(2)	(2)	(2)	(2)	(2)
Net Cashflow	(6)	(74)	(76)	33	66	69	70	71	72	72

Source : Beer & Co estimates

Figure 8 shows that Beer & Co's estimated base case value for Nowa Ruda is \$A 413m, which is after tax and feasibility studies. It also shows that even at spot prices, Nowa Ruda is a valuable project.

**Beer & Co's base case valuation is \$A 364m, which is based on mining inventory of 37Mt**

**Figure 8a : Beer & Co valuation of Nowa Ruda, in USD terms**

USD m		Long Run = US\$ 150/t		Spot price = US\$ 110/t	
price v. benchmark		US\$ 0/t	US\$ 10/t	US\$ 0/t	US\$ 10/t
Inventory = 23 Mt		224	266	58	100
Inventory = 37Mt		263	<b>309</b>	122	75

Source : Beer & Co estimates

**Using spot prices, our valuation is \$A 126m.**

**Figure 8b : Beer & Co valuation of Nowa Ruda, in USD terms**

AUD m		Long Run = US\$ 150/t		Spot price = US\$ 110/t	
price v. benchmark		US\$ 0/t	US\$ 10/t	US\$ 0/t	US\$ 10/t
Inventory = 23 Mt		299	354	77	133
Inventory = 37Mt		350	<b>413</b>	163	100

Source : Beer & Co estimates

## Sawin Coal Project

**BMB's Sawin project is in the Lublin basin, adjacent to PDZ's Lublin project and near the Bogdanka coal operations.**

BMB was awarded the concession rights for Sawin in July 2014. It is adjacent to ASX listed Prairie Mining's (PDZ) Lublin coal project and near the Bogdanka mine as shown in Figure 9. Bogdanka produces about 8Mt/yr, with projections to over 9Mt/yr, of thermal coal, with an average sulphur content of 1.1%, energy of 6,200kCal/kg and ash 8.4%.

PDZ produced a scoping study in April 2014 on its Lublin project, based largely on Bogdanka's operations.

Beer & Co assumes it is mined using 2 sets of 2 CM units and one Long Wall to produce 7.0Mt.yr of RoM coal. We assume 70% washery yield to produce 5.25Mt/yr of semi-soft coal, which sells at 71% of HQ HCC benchmark, plus a premium of \$5/t for delivery to the customer.

Figure 8 : Sawin JORC Resource, 1,200Mt

		kCal/kg	moisture	dry ash	Sulphur	Volatiles	Swell
Inferrred	1,200 Mt	6,900	3.5%	10%	1.7%	33%	2

Source : BMB ASX announcement, 23 March 2015

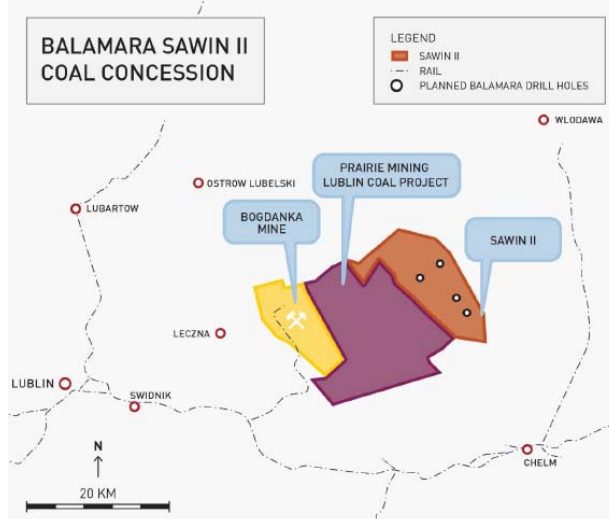
Beer & Co's estimates for Sawin are influenced by the PFS for Mariola and PDZ's April 2014 scoping study on Lublin.

Beer & Co estimate capital costs US\$ 475m, plus \$20m in feasibility.

This is lower than the PDZ estimate of \$684m as equipment is leased rather than bought and Sawin is shallower.

We assume cash costs 22% higher than PDZ

Figure 9 : Sawin Exploration Project, Lublin Basin



Source : BMB ASX announcement, 23 March 2015

PDZ estimated project capital cost of US\$684m. We assume \$475m for project capital, with the lower estimate due to

- Assumption that mining equipment is leased rather than purchased; and
- Sawin is 200m shallower than Lublin, so lower cost to develop to coal.

Beer & Co estimates all-in costs of \$56/t of product, which is \$45/t C1 costs after deducting the costs for leasing mining equipment.

This is 22% higher than the cost estimated by PDZ in their scoping study.

Figure 10 shows our financial projections for Sawin.

Figure 10 : Beer & Co's projected financial outcomes for Sawin

USD m	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Coal sold	0 kt	0 kt	139 kt	1,094 kt	2,847 kt	3,783 kt	5,231 kt	5,250 kt	5,250 kt	5,250 kt	5,250 kt	5,250 kt
71% of HQ HCC	\$ 107/t	\$ 107/t	\$ 107/t	\$ 107/t	\$ 107/t	\$ 107/t	\$ 107/t	\$ 107/t	\$ 107/t	\$ 107/t	\$ 107/t	\$ 107/t
Revenue per tonne	\$ 112/t	\$ 112/t	\$ 112/t	\$ 112/t	\$ 112/t	\$ 112/t	\$ 112/t	\$ 112/t	\$ 112/t	\$ 112/t	\$ 112/t	\$ 112/t
Revenue	0	0	16	122	317	422	583	585	585	585	585	585
Total Cash Costs	0	0	(15)	(67)	(138)	(173)	(219)	(220)	(222)	(223)	(224)	(224)
Royalties	0	0	(0)	(3)	(8)	(11)	(15)	(15)	(15)	(15)	(15)	(15)
Dep'cn & Amort'sn	0	0	(3)	(17)	(40)	(53)	(68)	(63)	(50)	(11)	(11)	(11)
E B I T	0	0	(3)	34	131	185	282	287	299	337	336	336
Interest Expense	0	0	(3)	(17)	(28)	(30)	(27)	(23)	(18)	(13)	(8)	(8)
Tax Expense	0	0	1	(3)	(20)	(30)	(48)	(50)	(53)	(62)	(62)	(62)
N P A T	0	0	(5)	14	84	126	206	214	227	262	266	266
Feasibility	(20)	0	0	0	0	0	0	0	0	0	0	0
Project Cap.Ex Cap.F	0	(158)	(158)	(158)	(0)	0	0	0	0	0	0	0
Sus. Cap. Ex	0	0	(0)	(2)	(6)	(8)	(11)	(11)	(11)	(11)	(11)	(11)
Net Cashflow	(20)	(158)	(161)	(129)	118	171	264	267	267	262	266	266

Source : Beer & Co estimates

As shown in Figure 11, the base case valuation for Sawin estimated by Beer & Co is US\$ 841m, or AUD 1,122m; using spot prices our valuation is \$A 463m.

Beer & Co's base case valuation is \$A 1,122m

**Figure 11a : Beer & Co valuation of Mariola, in USD terms**

USD m	Long Run = US\$ 107/t		Spot price = US\$ 78/t		
	price v. benchmark	US\$ 0/t	US\$ 5/t	US\$ 0/t	US\$ 5/t
Inventory = 165 Mt		754	<b>841</b>	261	348

Source : Beer & Co estimates

Using spot prices, our valuation is \$A 463m

**Figure 11b : Beer & Co valuation of Mariola, in USD terms**

AUD m	Long Run = US\$ 107/t		Spot price = US\$ 78/t		
	price v. benchmark	US\$ 0/t	US\$ 5/t	US\$ 0/t	US\$ 5/t
Inventory = 165 Mt		1,006	<b>1,122</b>	348	463

Source : Beer & Co estimates

## Asset Valuation

Figure 12 shows Beer & Co's valuation of BMB's assets.

**Figure 12 : Beer & Co's valuation of BMB's assets**

AUD m	Un-Risked		risk factor	Risked	
	base case	spot prices		base case	spot prices
Mariola	784	421	65 %	509	273
Nowa Ruda	413	133	50 %	206	66
Sawin	1,122	463	40 %	449	185
Corporate	(38)	(38)	100 %	(38)	(38)
<b>TOTAL</b>	<b>2,279</b>	<b>978</b>		<b>1,126</b>	<b>487</b>

Source : Beer & Co estimates

Beer & Co's risked, base case valuation for BMB's assets is \$A 1,101m

Beer & Co's risked valuation of BMB's assets, using spot prices, is \$A 471m

Beer & Co have not given any value to BMB's metals assets

Investing in BMB has the risk of investing in an illiquid stock as management seeks to de-list from the ASX.

However, BMB's current market cap is less than 3% of the value of its assets, so Beer & Co rates BMB has a BUY, high risk.

Figure 12 shows :

- Beer & Co's base case valuation of BMB's assets is nearly \$2.3B, but even using current coal prices, our valuation is nearly \$1.0B;
- The valuation of each of the assets needs to be risked for the uncertainty in delivering as expected (note that the time value, and feasibility costs, are already included in the base case valuation)
  - the resulting valuation is still \$1.1B using base case assumptions, or \$487m using current coal prices and exchange rates;
- Beer & Co has given zero value for BMB's Australian exploration assets and for the Balkans Metals assets, which will return to BMB \$15m from a 2% net smelter royalty
  - We have estimated an indicative NPV of \$4m for this asset

## Conclusions

Due to the uncertainty on project funding and the amount of equity that can be expected to be issued, especially due to BMB's pending de-listing, Beer & Co is unable to give a per share valuation for BMB.

However, Figure 36 shows that BMB's current market capitalisation, of \$10.6m, is only 0.9% of Beer & Co's risked base case valuation, or 2.2% of our risked valuation using spot prices.

Investing in BMB will require patient capital as, while the stock is de-listed, trading will be illiquid. Despite the fact that BMB will need to raise equity to develop each project, and the fact that it will be de-listed, Beer & Co re-initiates research on BMB with a BUY, High Risk, recommendation. .



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The analyst responsible for this research report certifies that all of the views expressed reflect his personal views about the securities and the issuer.

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