

Fundamental Research Corp.

Investment Analysis for Intelligent Investors

May 3, 2017

American CuMo Mining Corporation (TSXV: MLY; OTCFK: MLYCF) – Arranges Financing for up to US\$200M

Sector/Industry: Junior Mining/Exploration

www.cumoco.com

Market Data (as of May 3, 2017)

Current Price	C\$0.36
Fair Value	C\$3.28
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.08 – C\$0.48
Shares O/S	122.07 mm
Market Cap	C\$43.94 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	3.1x
YoY Return	350.0%
YoY TSXV	21.4%

*see back of report for rating and risk definitions



Highlights

- American CuMo Mining Corporation (“CuMo”, “company”) entered into an agreement to acquire a 100% interest in the Calida Gold project in late 2016. The project is a historic producer and has a historic resource estimate of 1.35 million ounces (“Moz”) gold, 49.32 Moz silver and 461 Mlbs of copper, or approximately 3 Moz of gold equivalent. The acquisition involved low upfront costs, diversifies CuMo’s asset-base, and enhances its upside potential.
- Since our previous report in January 2016, the company has made significant progress relating to the viability of applying ore-sorting techniques to the CuMo project. Ore-sorting has potential to significantly reduce capital and operating costs of the project. Test results indicate improvement in molybdenum grades by 170%, and copper grades by 47%.
- The company recently entered into an arrangement with a Singapore-based investment firm for a financing of up to US\$200 million, including up to US\$100 million for the CuMo project and up to US\$100 million for the Calida Gold project.
- A drill program is expected to commence at Calida next month.
- CuMo shares are up 350% YoY, from \$0.08 to \$0.36 per share.
- We have a BUY rating and fair value estimate of \$3.28 per share.

Key Financial Data (FYE - June 30) (C\$)	2015	2016 (6M)
Cash	560,373	274,250
Working Capital	(606,109)	(749,443)
Mineral Assets	20,671,430	20,885,744
Total Assets	21,494,067	21,426,769
Net Loss	(1,728,611)	(566,159)
Loss per Share	(0.02)	(0.01)

Arranges potential financings for up to US\$200 million

In February 2017, the company entered into a Memorandum of Understanding (“MOU”) with a Singapore-based investment firm, Millennia Minerals Pte Ltd. Millennia had assisted the company in raising approximately US\$1.5 million in the past 12 months.

The MOU is for Millennia to directly invest, partner and/or arrange capital of up to US\$200 million in exchange for up to a 70% interest in Poly Resources LLC (“Poly”), and a 20% interest in Idaho CuMo Corporation. Poly is a subsidiary of CuMo, which holds the Calida Gold project. Idaho CuMo is a subsidiary of CuMo, which holds the CuMo project.

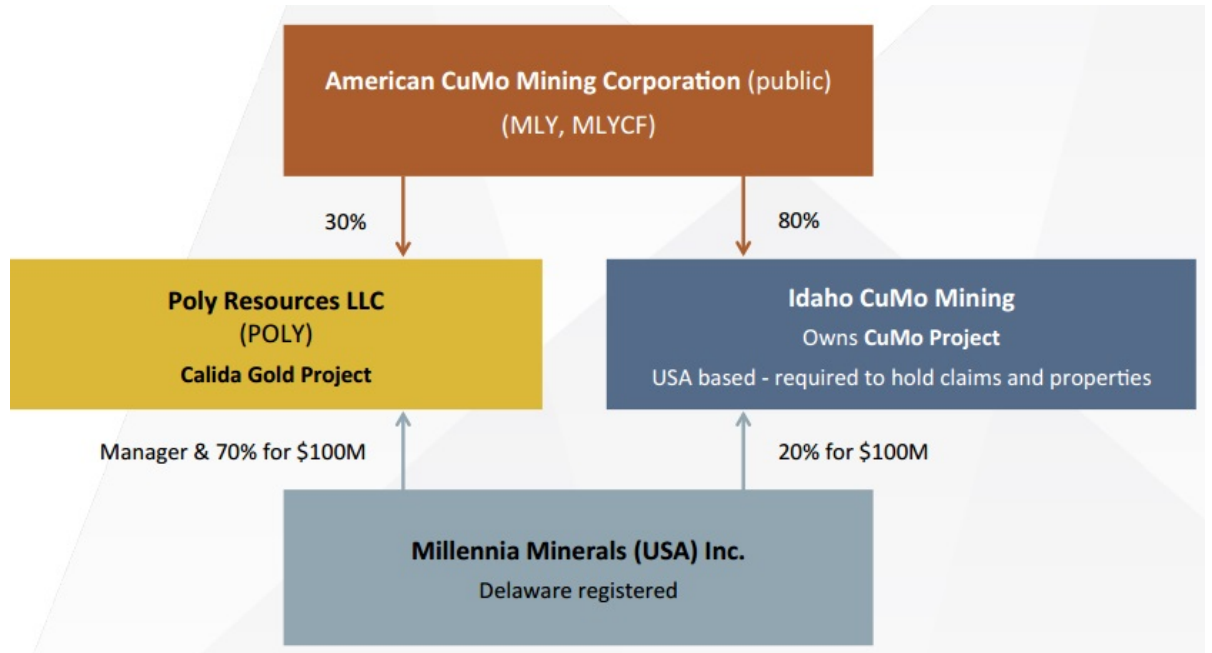
The financing is estimated to be funded equally (US\$100 million each) to the CuMo project and the Calida Gold project.

As per the agreement, the financing is expected to occur in three stages as shown in the table below:

Financing	Amount	Investment in the Calida Gold project	Investment in the CuMo project	Interest in Poly	Interest in Idaho CuMo
First	\$10,000,000	\$4,500,000	\$5,500,000	50.0%	1.1%
Second	\$55,000,000	\$30,500,000	\$24,500,000	15.0%	4.9%
Third	\$135,000,000	\$65,000,000	\$70,000,000	5.0%	15.0%
Total	\$200,000,000	\$100,000,000	\$100,000,000	70.0%	20.0%

The first financing of US\$10 million is expected to be made in stages - an initial investment of US\$1 million (already received by Poly), and the remaining US\$9 million upon entering into a definitive agreement.

The following chart summarizes the structure:



Millennia will also have the right to nominate three of Poly’s six directors after the first financing, four directors after the second financing, and one out of Idaho CuMo’s, and the company’s board, after the third financing.

Millennia’s team visited the properties in March 2017. On March 15, 2017, the company announced that it received the initial US\$1 million investment of the first financing. On April 25, 2017, it was announced that Millennia had established Millennia Minerals (USA) Inc. for the purposes of investing in the two projects. **We consider this very encouraging as it shows Millennia’s commitment and intent to follow through with the proposed arrangement.**

Calida Gold, Idaho

Ownership

The company entered into an agreement to acquire a 100% interest in the Calida Gold project in November 2016. The sellers are local prospectors. As per the agreement, the company can acquire the 100% interest over 10 years as follows:

- US\$40,000 on signing
- US\$140,000 over the first year
- US\$50,000 every six months thereafter, until commercial production or ten years
- US\$1 million at the start of commercial production.

The purchase price also includes a variable buyout price, which is US\$10 million for the first

1 Moz of gold equivalent resources, increasing at the rate of US\$10 million for each 1 Moz of gold equivalent to a maximum price of US\$50 million. The project is not subject to any royalties.

We believe the low upfront payment in the initial years make the structure attractive for CuMo as it allows the company to evaluate the project’s potential at minimal costs. The project diversifies CuMo’s asset-base and enhances the upside potential.

Location

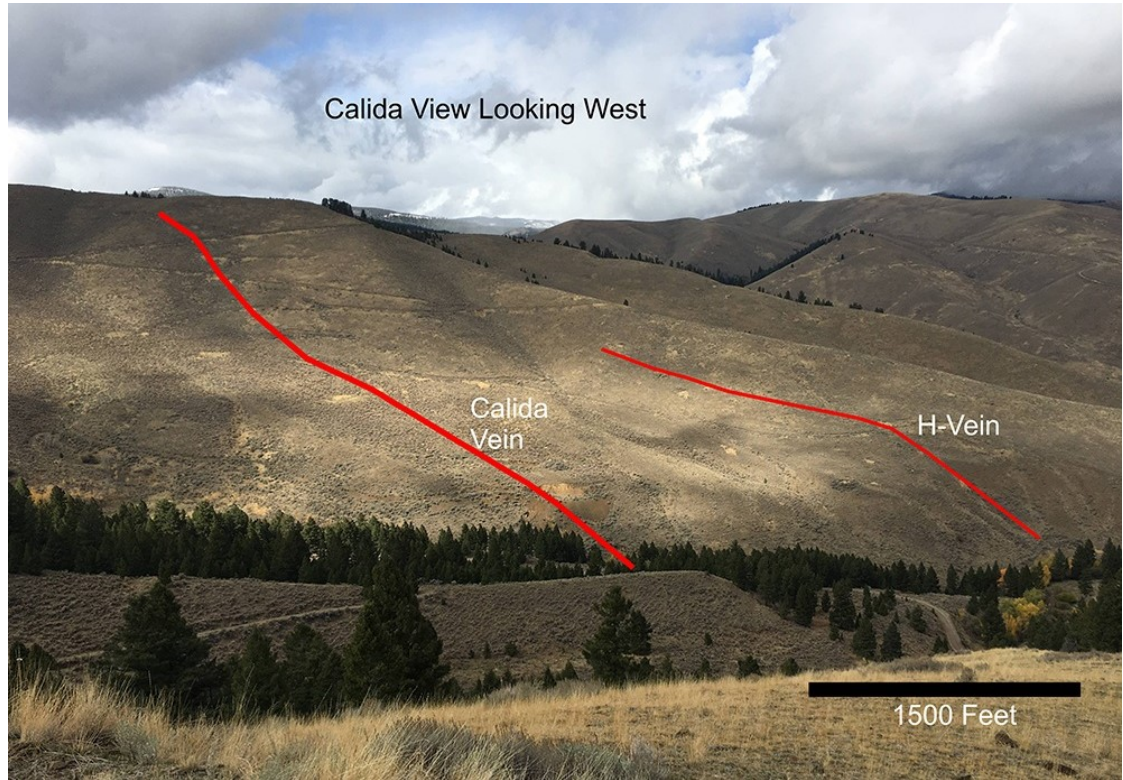
The project is located approximately 24 miles south of Salmon, Idaho, and 5 miles west of Highway 28 within the Mormon Canyon area. It covers 53 unpatented mining claims totaling 160 acres, on lands administered by the Bureau of Land Management (“BLM”). The following map shows its location relative to the CuMo project. Note that the CuMo project is located 60 km northeast of Boise, and approximately 80 km from Thompson Creek Metals Company Inc.’s (“Thompson Creek” TSX: TCM) Thompson Creek molybdenum mine, one of the largest molybdenum mines in the U.S.



Source: Company

Geology and Historical Work

Calida is a porphyry deposit and consists of intensely altered and mineralized shear zones, hosting oxide and sulfide ore minerals, with widths ranging from 1.5m to 30m, and lengths of up to 4,267m. It is prospective for gold, silver and copper. Several veins are exposed on the surface; see image below.

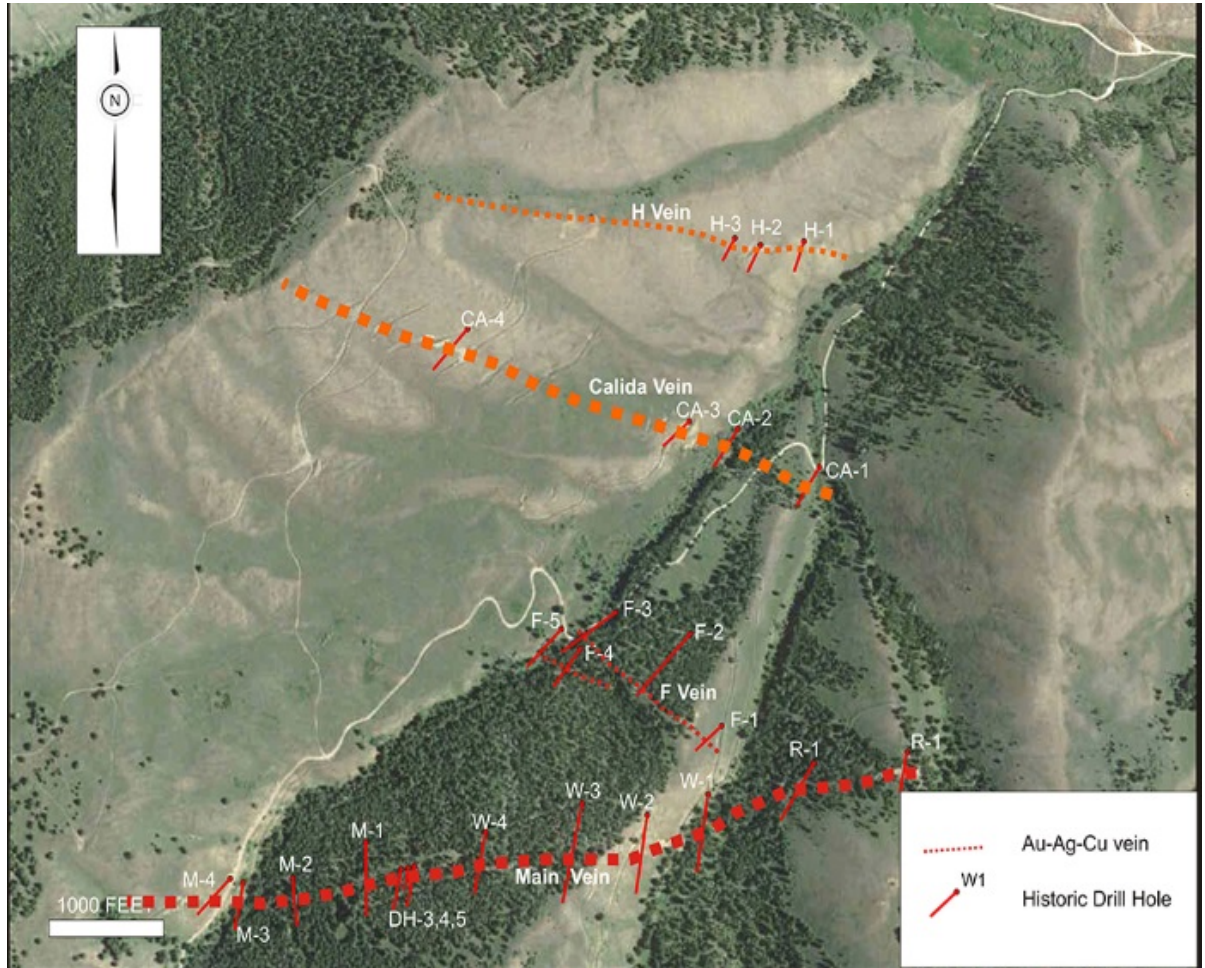


Source: Company

The project is a historic producer with several old surface and underground mines. Therefore, permitting is expected to be relatively easy as the project had been permitted previously. **According to the previous owners, permitting will be relatively fast if the milling is conducted on private land.** They also indicate that adjacent private land is available for purchase or lease.

It has been subject to extensive exploration over the past 30 years, and ten mineralized veins have been identified on the property. **Drill testing has only been up to a depth of 500 feet. Management estimates the ore body may extend to 2,000 feet or deeper.** The most significant exploration program was a 23-hole drill program in 1983. Significant intersections from the drilling and the primary target veins are shown in the table and image below:

Hole	Vein	From	To	Width	From	To	Width	Au	Au	Ag	Ag	Cu
		meters	meters	meters	feet	feet	feet	g/T	oz/t	g/T	oz/t	%
W-3	Main	84.7	125.0	40.2	278	410	132	5.5	0.160	232.8	6.80	4.30
M-1	Main	94.5	137.2	42.7	310	450	140	5.1	0.150	145.7	4.25	1.30
R-2	Main	65.5	126.5	61.0	215	415	200	4.6	0.133	173.8	5.07	2.22
CA-1	Calida	115.8	125.0	9.1	380	410	30	6.7	0.194	231.1	6.74	4.45
F-1	F-Vein	55.8	57.3	1.5	183	188	5	14.1	0.410	538.3	15.7	0.59
H-3	H-vein	54.9	58.8	4.0	180	193	13	8.6	0.250	256.5	7.48	3.92

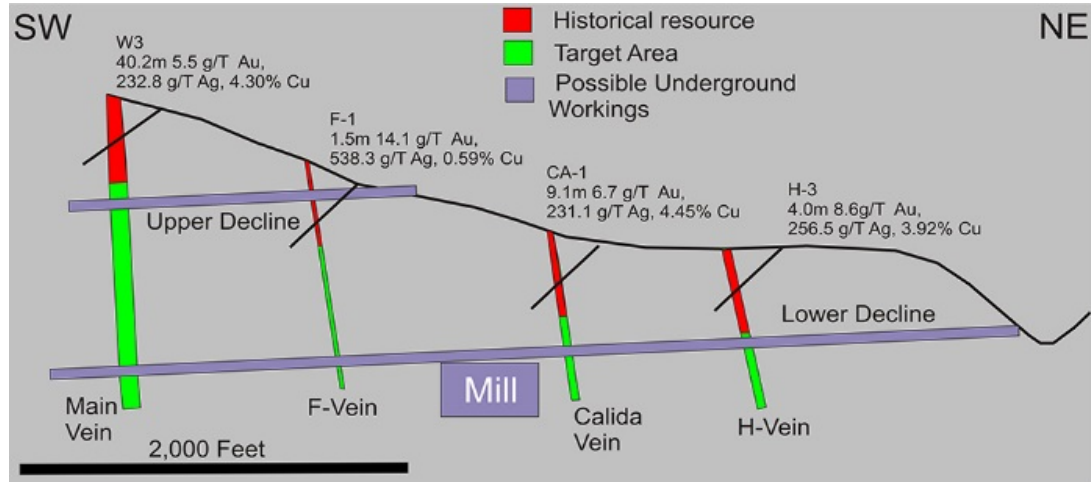


Source: Company

Resource Estimate

A historic estimate calculated on the project in 2009 showed 8.06 Mt at 0.168 opt gold, 6.12 opt silver and 2.86% Cu. **This reflects 1.35 Moz gold, 49.32 Moz silver and 461 Mlbs of copper, or approximately 3 Moz of gold equivalent** (based on US\$1,300/oz gold, US\$20/oz silver and US\$2.50/lb copper).

The company estimates a target area 100m wide x 1,500m long x 500m deep, for total volume of 75 million cubic meters. At a specific gravity of 2.8, this implies a tonnage of 210 million tonnes (“Mt”). **Management estimates a minimum exploration target of 8 to 30 Mt at 5 – 10 gpt gold, 150 – 200 gpt silver and 2 – 3% copper.**



Development Plan

A drill program is scheduled to commence next month. Permitting is currently underway.

CuMo has proposed a \$2.30 million drill program to prepare an initial resource estimate on the project expected by fall 2017. Management estimates a total cost of \$35 million to advance the project to production over the next 18 – 24 months. The estimate also includes land acquisition costs. The remaining funds from the potential financings from Millennia can be used to partially fund the CAPEX of the project related to construction and development.

Positive Ore-Sorting Results

CuMo Project Update

The CuMo deposit is a stockwork vein deposit consisting of narrow veins containing molybdenum and/or copper mineralization, bounded by waste material. Only 10% - 20% of the actual rocks contain valuable contents. CuMo’s management decided to evaluate the possibility of applying ore-sorting techniques to the CuMo project back in 2015, as it has good potential to reduce the overall capital and operating costs of the project.

Ore-sorting involves the separation of the material that contains valuable content from the waste. The process separates large particle sizes, ranging 1 to 4 inches, and evaluates the mineral content of individual rocks by passing them through a sensor. Although ore-sorting has been in use for decades, significant improvements in technology have recently prompted several majors, such as BHP Billiton (NYSE: BHP) and Goldcorp (NYSE: GG), to seriously consider its long-term viability on a larger scale. New ore-sorting techniques use advanced X-ray technology (XRF) to identify ore that contain higher grade minerals.

Tests conducted on the CuMo project showed that sorting has the ability to extract 70% to 80% of the waste material, and increase the mill grade from 0.175% Mo to 0.875% Mo. The following is an example:

Section from a hole which assayed 0.175% Mo



Upon completing a wide range of tests, the company announced on March 2, 2017, that it has determined that a two-stage sorting process will be ideal for the CuMo deposit. The tables below show the test results.

INITIAL SORT									
ZONE	START GRADE			METAL % ACCEPTED			ACCEPTED GRADE		
	MO	CU	VALUE	VOLUME	MO	CU	MO	CU	VALUE
	%	%	US\$	Accept %	Accept %	Accept %	%	%	US\$
CuAg	0.019	0.078	\$ 9.35	68.29%	85.12%	83.79%	0.023	0.105	\$ 12.27
CuMo	0.042	0.058	\$ 10.43	83.45%	97.21%	86.92%	0.049	0.072	\$ 12.55
Mo	0.051	0.052	\$ 11.01	71.51%	95.29%	78.01%	0.068	0.051	\$ 13.04
Overall	0.047	0.055	\$ 10.78	75.00%	95.02%	83.55%	0.062	0.069	\$ 13.90

SECOND SORT									
ZONE	SORT 1 ACCEPTED GRADE			METAL % ACCEPTED			ACCEPTED GRADE		
	MO	CU	VALUE	VOLUME	MO	CU	MO	CU	VALUE
	%	%	US\$	ACCEPT %	ACCEPT%	ACCEPT%	%	%	US\$
CuAg	0.023	0.105	\$ 12.27	10.98%	41.34%	14.79%	0.102	0.130	\$ 24.35
CuMo	0.049	0.072	\$ 12.55	40.36%	84.93%	51.54%	0.085	0.070	\$ 16.85
Mo	0.068	0.051	\$ 13.04	29.66%	85.75%	48.64%	0.140	0.081	\$ 24.69
Overall	0.062	0.069	\$ 13.90	37.50%	76.89%	35.49%	0.127	0.081	\$ 23.07

The initial sorting selects 75% of the mined ore, and the second sorting selects 50% of the 75% selected initially, for a net acceptance of 37.5%. Grades increased from 0.047% Mo to 0.127% Mo (170% increase), and 0.055% Cu to 0.081% Cu (47% increase). **The value of**

the material increased by 114%, from US\$10.78/t to US\$23.07/t. The study used metal prices of US\$5/lb of Mo oxide (US\$7.5/lb of Mo metal) and US\$2.75/lb of Cu.

We consider these results to be very encouraging for the project’s economics. The company can mine large tonnages of approximately 200,000 to 300,000 tons per day, while requiring much smaller tonnages of approximately 50,000 to 100,000 tons per day to recover the majority of the valuable contents. **The 2015 PEA showed that a reduction in the processing rate from 150,000 tpd to 50,000 tpd can result in a CAPEX reduction of US\$800 million to \$1 billion.**

The following table summarizes the 2015 PEA results, which was based on US\$10/lb moly oxide (US\$15/lb moly metal), and US\$3/lb copper. **Note that this update does not account for any upside from the potential of using ore-sorting.**

PEA	50 ktpd	100 ktpd	150 ktpd	200 ktpd
NPV @ 5% - before tax (US\$, billions)	\$2.0	\$6.0	\$9.0	\$12.0
NPV @ 5% - after tax (US\$, billions)	\$1.8	\$4.5	\$7.2	\$9.4
IRR (%) - before tax	13%	20%	25%	27%
IRR (%) - after tax	12%	17%	21%	23%
Simple Payback Period (years) - before tax	7.5	4.6	3.5	3.0
Simple Payback Period (years) - after tax	7.7	4.9	3.8	3.4
Total Operating Costs per lb of Mo oxide equiv.	\$5.5	\$4.3	\$3.9	\$3.8
Total Operating Costs per short ton milled	\$11.2	\$8.6	\$7.6	\$7.1
Total Initial Capital (US\$, billions)	\$1.6	\$2.2	\$2.8	\$3.4

The PEA was based on a circuit consisting of open pit mining, primary gyratory crushing, coarse ore stockpiling, SAG and ball milling with pebble crushing (“SABC”), and bulk flotation. Molybdenum concentrates are expected to be processed at an off-site roaster to produce molybdenum oxide, rhenium metal and sulfuric acid.

The following table presents the 2015 NI 43-101 compliant resource estimate. **The company believes that this estimate reflects only 60% of the identified mineralized system on the project.**

Medium Price \$10.00 Mo oxide, \$3.00 Copper, \$12.50 Silver, \$15 Tungsten. (Summarized on Page 1)

	CUTOFF	TONS > CUTOFF	GRADE > CUTOFF					CONTAINED METAL				
	RCV \$US	MILLION	MOS2	CU	AG	W	CU EQ	MILLION	MILLION	MILLION	MILLION	MILLION
		TONS	(%)	(%)	(OZ/T)	(PPM)	%	LBS. MO	LBS MOO3	LBS CU	OZ AG	LBS W
Measured	\$2.50	308.40	0.079	0.07	0.06	48.60	0.36	292.15	438.22	456.48	18.80	29.98
Indicated	\$2.50	2,216.10	0.049	0.08	0.07	37.60	0.25	1,301.93	1,952.89	3,501.38	160.30	166.65
Measured + Indicated	\$2.50	2,524.60	0.053	0.08	0.07	39.00	0.27	1,594.07	2,391.11	3,957.86	179.10	196.63
Inferred	\$2.50	3,373.60	0.040	0.06	0.06	32.10	0.20	1,617.92	2,426.88	3,845.86	189.91	216.58

	CUTOFF	TONS > CUTOFF	GRADE > CUTOFF					CONTAINED METAL				
	RCV \$US	MILLION	MOS2	CU	AG	W	CU EQ	MILLION	MILLION	MILLION	MILLION	MILLION
		TONS	(%)	(%)	(OZ/T)	(PPM)	%	LBS. MO	LBS MOO3	LBS CU	OZ AG	LBS W
Measured	\$7.50	282.00	0.085	0.08	0.06	50.60	0.38	287.41	431.12	428.67	16.94	28.54
Indicated	\$7.50	1,708.30	0.059	0.09	0.08	41.10	0.30	1,208.41	1,812.62	3,006.55	129.05	140.42
Measured + Indicated	\$7.50	1,990.40	0.063	0.09	0.07	42.40	0.31	1,495.82	2,243.73	3,435.21	145.99	168.96
Inferred	\$7.50	1,996.00	0.056	0.07	0.07	35.10	0.27	1,340.14	2,010.20	2,794.35	129.82	140.12

	CUTOFF	TONS > CUTOFF	GRADE > CUTOFF					CONTAINED METAL				
	RCV \$US	MILLION	MOS2	CU	AG	W	CU EQ	MILLION	MILLION	MILLION	MILLION	MILLION
		TONS	(%)	(%)	(OZ/T)	(PPM)	%	LBS. MO	LBS MOO3	LBS CU	OZ AG	LBS W
Measured	\$12.50	227.90	0.097	0.08	0.06	51.80	0.42	265.00	397.50	341.79	13.29	23.61
Indicated	\$12.50	1,050.60	0.076	0.09	0.07	44.20	0.36	957.35	1,436.03	1,891.14	78.14	92.88
Measured + Indicated	\$12.50	1,278.60	0.079	0.09	0.07	45.50	0.37	1,222.35	1,833.53	2,232.92	91.43	116.48
Inferred	\$12.50	996.40	0.078	0.06	0.06	37.60	0.34	931.81	1,397.71	1,275.37	57.54	74.93

RCV = Recovered Metal Value

Expands land package

The CuMo property covers 186 unpatented claims, which cover an area of 3,700 acres. The project is considered to be one of the largest unmined molybdenum (“Mo”) deposits in the world.

On March 2, 2017, the company announced the acquisition of **20 unpatented mining claims, covering 400 acres**, adjacent to the CuMo project. The acquisition was paid by issuing 7-year silver convertible debentures valued at US\$250,000, and one million common shares of CuMo.

On April 25, 2017, the company announced that it entered into an option agreement to acquire **36 patented mining claims, totaling 640 acres**, also located adjacent to the CuMo project.

The acquisition price includes:

- Upon closing - US\$320,000 in cash and two Idaho CuMo silver units totaling US\$500,000, and the company’s common shares valued at US\$322,500.
- After 1 year - US\$320,000 in cash, one Idaho CuMo silver unit totalling US\$250,000 and the company’s common shares valued at US\$322,500.

- After 2 years - US\$320,000 in cash, one Idaho CuMo silver unit totalling US\$250,000, and the company’s common shares valued at US\$322,500.
- After 3 years - US\$320,000 in cash, one Idaho CuMo silver unit totalling US\$250,000, and the company’s common shares valued at US\$322,500.

Permitting

In January 2016, the company was notified that three local environmental groups filed a lawsuit against the US Forest Service (“USFS”) regarding the granting of permits on the CuMo project in 2015, allowing the company to proceed with exploration and development work. However, in July 2016, the US District Court – District of Idaho, decided in favor of the USFS, and noted the following:

“The Court finds the Forest Service’s analysis and conclusions regarding groundwater satisfy NEPA. The Forest Service has complied with the Court’s prior order and addressed the concerns stated therein with regard to groundwater. Therefore, the Court upholds the Forest Service’s SDN/FONSI as to the NEPA challenges relating to groundwater.”

The project currently has all necessary permits to continue with advanced exploration.

Development Plan

The company’s proposed 2017 program includes drilling on the new land package, engineering and environmental baseline studies.

Management is planning to have feasibility completed in approximately 3 years, with production startup approximately 1.5 years after that. For the Feasibility Study, the company has to complete further engineering and metallurgical work, drilling and environmental baseline studies. CuMo’s management is budgeting \$100 million over the next three years for an EIS (Environmental Impact Statement), and to complete the Feasibility Study.



At the end of Q2-2016 (December 31, 2016), the company had \$0.27 million in cash and a working capital deficit of \$0.75 million. The negative working capital is because the company had \$0.88 million in payables. The table below shows a summary of the company’s

cash and liquidity position at the end of Q2-2016.

(in C\$)	2015	2016 (6M)
Working Capital	(606,109)	(749,443)
Current Ratio	0.51	0.32
Debt / Assets	23.5%	26.3%
Burn Rate (per month)	(120,373)	(135,713)
Cash from financing activities	1,422,380	528,150

Subsequent to the quarter-end, the company raised \$1.20 million through the exercise of 6.70 million warrants (exercise price of \$0.15) and 2.04 million warrants (exercise price of \$0.10).

The company currently has approximately \$3.50 million @ 6.5% p.a. in convertible notes (due to a related party) maturing in October 2017. The conversion price is \$0.28 per share.

In addition, the company has promissory notes totaling \$2.14 million with two lenders. The notes are related to the sale of Idaho CuMo units. Each unit consists of a promissory note @ 8.5% p.a. and matures 7 years from the date of issuance. The units also include the option to enter into a Silver Purchase Agreement Right with the company, which allows the holder to purchase up to 375,000 ounces of silver from the company at US\$5/oz, plus an upfront payment of US\$0.25 million. The exercise price of the option is US\$0.25 million per unit. However, investors do not have to make the upfront payment, as it will be offset against the principal due on the promissory notes.

Stock options and warrants – The company has approximately 11.95 million stock options (weighted average exercise price of \$0.20) and 15.54 million warrants outstanding (weighted average exercise price of \$0.10). All of the options and warrants are in the money. The company can raise up to \$3.89 million if they are exercised.

The company currently has \$1.8 million in cash.

The following table shows a summary of our valuation on the CuMo project. Our models assume a 300,000 tpd ore + stockpile mining operation for a 40-year mine life. We have assumed that 37.5% of the mined ore will recover 75% of Mo, and 40% each of Cu and Ag.

We have used the following long-term commodity forecasts in the base-case model: US\$8.3/lb of Mo oxide (US\$12.5/lb Mo metal), US\$2.50/lb of Cu, and US\$20/oz of Ag, with a C\$/US exchange rate of 1.1x. Mo oxide price is currently at US\$6.9/lb.

Valuation and Rating



The table below shows a summary of our cash flow forecasts over the mine life, and the first five years of expected cash flows.

	Assumptions	2018	2019	2021	2022	2023	2024	2025	2026
Tonnage	4,320,300,000	300,000 tpd			108,000,000	108,000,000	108,000,000	108,000,000	108,000,000
Contained Mo (lbs)	2,954,880,000	0.057% MoS ₂ grade			73,872,000	73,872,000	73,872,000	73,872,000	73,872,000
Contained Cu (lbs)	7,257,600,000	0.084% Cu grade			181,440,000	181,440,000	181,440,000	181,440,000	181,440,000
Contained Ag (oz)	345,600,003	2.50 Ag grade			8,640,000	8,640,000	8,640,000	8,640,000	8,640,000
Tonnage after Sorting	1,620,000,000	37.5% sorting recovery			40,500,000	40,500,000	40,500,000	40,500,000	40,500,000
Contained Mo (lbs)	2,216,160,001	75% equiv. content recovery			55,404,000	55,404,000	55,404,000	55,404,000	55,404,000
Contained Cu (lbs)	2,540,160,000	35% equiv. content recovery			63,504,000	63,504,000	63,504,000	63,504,000	63,504,000
Contained Ag (oz)	120,960,000	35% equiv. content recovery			3,024,000	3,024,000	3,024,000	3,024,000	3,024,000
Recovered Mo (lbs)	1,994,544,000				49,863,600	49,863,600	49,863,600	49,863,600	49,863,600
Recovered Cu (lb)	1,905,120,000				47,628,000	47,628,000	47,628,000	47,628,000	47,628,000
Recovered Ag (oz)	78,624,000				1,965,600	1,965,600	1,965,600	1,965,600	1,965,600
Price (Mo)	\$12.50				\$12.50	\$12.50	\$12.50	\$12.50	\$12.50
Price (Cu)	\$2.50				\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Price (Ag)	\$20.00				\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Revenues (Mo)	\$24,931,800,000				623,295,000	623,295,000	623,295,000	623,295,000	623,295,000
Revenues (Cu)	\$4,762,800,000				119,070,000	119,070,000	119,070,000	119,070,000	119,070,000
Revenues (Ag)	\$1,572,480,000				39,312,000	39,312,000	39,312,000	39,312,000	39,312,000
Total Revenues	\$31,267,080,000				781,677,000	781,677,000	781,677,000	781,677,000	781,677,000
NSR	-\$159,335,400								
Op Costs	-\$11,577,600,000				-3,000,000	-3,908,385	-3,908,385	-3,908,385	-3,908,385
Sust. / Deferred Costs	-\$578,880,000								
Capital Costs	-\$2,090,000,000				-289,440,000	-289,440,000	-289,440,000	-289,440,000	-289,440,000
Depreciation	-\$2,090,000,000				-14,472,000	-14,472,000	-14,472,000	-14,472,000	-14,472,000
Tax	-\$4,833,337,473				-82,500,000	-82,500,000	-82,500,000	-82,500,000	-82,500,000
CF	\$12,027,927,127				-1,845,500,000	473,856,615	473,856,615	473,856,615	473,856,615
Discount Rate	14.5%				-82,500,000	-82,500,000	-82,500,000	-82,500,000	-82,500,000
Net Asset Value	\$406,270,599				-62,927,862	-54,958,831	-937,749,014	210,287,776	183,657,446
Millennia's Investment	\$100,000,000							160,399,516	140,086,914
Total Asset Value	\$506,270,599								
CuMo's 80% Interest	\$405,016,479								
CuMo's 80% Interest in CS	\$445,518,127								
No. of Shares	155,954,871								
NAV per share	\$2.86								

As shown in the above table, the after-tax Net Asset Value (“NAV”) estimate @ 14.5% of CuMo’s 80% interest is \$446 million, or \$2.86 per share.

The following tables show the sensitivity of our NAV estimate to commodity prices and the discount rate.

Fair Value (C\$)	Cu Price (US\$/lb)					
	\$2.00	\$2.25	\$2.50	\$2.75	\$3.00	\$3.25
\$10.00	\$0.20	\$0.41	\$0.63	\$0.84	\$1.05	\$1.27
\$12.50	\$2.43	\$2.64	\$2.86	\$3.07	\$3.28	\$3.50
\$15.00	\$4.66	\$4.87	\$5.09	\$5.30	\$5.51	\$5.73
\$17.50	\$6.89	\$7.10	\$7.32	\$7.53	\$7.74	\$7.96
\$20.00	\$9.12	\$9.33	\$9.55	\$9.76	\$9.97	\$10.19

CS/US\$ = 1.10

Discount Rate NAV / Share

5.0%	\$20.42
8.0%	\$10.84
10.0%	\$7.23
11.6%	\$5.20
14.5%	\$2.86
16.0%	\$2.03

We have valued the Calida Gold project based on a 3,000 tpd operation. As the project does not have a NI 43-101 compliant resource estimate, we have discounted the tonnage of the historic resource by 50%, and the average grades by 25% for conservatism. The table below shows a summary of our cash flow forecasts over the mine life (4 years). We have also used a high discount rate of 15% for the base-case model for conservatism.

	Assumptions	2017	2018	2019	2020	2021	2022	2023
Tonnage	4,030,000	3,000 tpd			1,095,000	1,095,000	1,095,000	745,000
Contained Au (oz)	507,780	0.13 Au grade			137,970	137,970	137,970	93,870
Contained Ag (oz)	18,497,700	4.59 Ag grade			5,026,050	5,026,050	5,026,050	3,419,550
Contained Cu (lbs)	190,575,294	2.15% Cu grade			51,781,624	51,781,624	51,781,624	35,230,420
Recovered Au (oz)	406,224	80%			110,376	110,376	110,376	75,096
Recovered Ag (oz)	14,798,160	80%			4,020,840	4,020,840	4,020,840	2,735,640
Recovered Cu (lbs)	152,460,235	80%			41,425,300	41,425,300	41,425,300	28,184,336
Price (Au)	\$1,300.00				\$1,300.00	\$1,300.00	\$1,300.00	\$1,300.00
Price (Ag)	\$20.00				\$20.00	\$20.00	\$20.00	\$20.00
Price (Cu)	\$2.50				\$2.50	\$2.50	\$2.50	\$2.50
Revenues (Au)	\$528,091,200				\$143,488,800	\$143,488,800	\$143,488,800	\$97,624,800
Revenues (Ag)	\$295,963,200				\$80,416,800	\$80,416,800	\$80,416,800	\$54,712,800
Revenues (Cu)	\$381,150,587				\$103,563,249	\$103,563,249	\$103,563,249	\$70,460,841
Total Revenues	\$1,205,204,987				\$327,468,849	\$327,468,849	\$327,468,849	\$222,798,441
NSR	\$0				0	0	0	0
Op Costs	-\$403,000,000	\$100 per tonne			-\$109,500,000	-\$109,500,000	-\$109,500,000	-\$74,500,000
Sust. / Deferred Costs	-\$20,150,000				-\$4,475,000	-\$4,475,000	-\$4,475,000	-\$3,725,000
Capital Costs	-\$285,000,000							
Depreciation	-\$285,000,000		-\$17,000,000	-\$18,000,000	-\$250,000,000	-\$77,437,965	-\$77,437,965	-\$77,437,965
Tax	-\$168,998,696				-\$45,919,000	-\$45,919,000	-\$45,919,000	-\$31,241,694
CF	\$328,056,292		-\$17,000,000	-\$18,000,000	-\$250,000,000	166,574,848	166,574,848	166,574,848
Discount Rate	15.0%		-\$14,782,609	-\$13,610,586	-\$164,379,058	95,239,710	82,817,139	72,014,904
Net Asset Value	\$99,905,102							
Millennia's Investment	\$100,000,000							
Total Asset Value	\$199,905,102							
CuMo's 30% Interest	\$59,971,531							
CuMo's 30% Interest in CS	\$65,968,684							
No. of Shares	155,954,871							
NAV per share	\$0.42							

As shown in the above table, the after-tax Net Asset Value (“NAV”) estimate @ 15%, of CuMo’s 30% interest, is \$66 million, or \$0.42 per share.

The following tables show the sensitivity of our NAV estimate to commodity prices and the discount rate.

Fair Value (C\$)	Cu Price (US\$/lb)						
	\$1.75	\$2.00	\$2.25	\$2.50	\$2.75	\$3.00	\$3.25
\$1,000	\$0.27	\$0.29	\$0.32	\$0.34	\$0.37	\$0.39	\$0.42
\$1,100	\$0.29	\$0.32	\$0.34	\$0.37	\$0.39	\$0.42	\$0.45
\$1,200	\$0.32	\$0.35	\$0.37	\$0.40	\$0.42	\$0.45	\$0.47
Gold Price (US\$/oz)							
\$1,300	\$0.35	\$0.37	\$0.40	\$0.42	\$0.45	\$0.47	\$0.50
\$1,400	\$0.37	\$0.40	\$0.42	\$0.45	\$0.48	\$0.50	\$0.53
\$1,500	\$0.40	\$0.43	\$0.45	\$0.48	\$0.50	\$0.53	\$0.55
\$1,600	\$0.43	\$0.45	\$0.48	\$0.50	\$0.53	\$0.56	\$0.58

C\$/US\$ = 1.10

Discount Rate	NAV / Share
7.5%	\$0.60
10.0%	\$0.53
12.5%	\$0.47
15.0%	\$0.42
17.5%	\$0.38
20.0%	\$0.35

Our revised valuation on CuMo is shown below. **We are raising our fair value estimate from \$1.45 to \$3.28 per share.**

Valuation Summary		
CuMo Project (80% interest)	\$445,518,127	\$2.86
Calida Gold Project (30% interest)	\$65,968,684	\$0.42
Working Capital, net of debt	\$263,895	\$0.00
Fair Value	\$511,750,706	\$3.28

Risks

The following risks, though not exhaustive, may cause our estimates to differ from actual results:

- Our valuation is highly sensitive to commodity prices.
- The success of environmental studies and permitting, are important long term success factors for the company.
- At this time, the company does not own a producing mineral property.
- Environmental conservation groups have already caused delays in exploration of the CuMo property. The project may be subject to further delays as a result of environmental concerns from the public.
- Viability of the application of ore-sorting on the project has yet to be proven.
- The ability to raise capital and share dilution.
- Development of a project the size of CuMo requires extensive capital investment.

- Calida does not have a NI 43-101 resource estimate.

We maintain our risk rating of 5 (highly speculative).

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company’s capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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