

## Columbia Yukon Explorations Inc



*Columbia Yukon is focusing on exploration and development of the promising Storie project, a large-tonnage, lower-grade molybdenum deposit near Cassiar. The Storie Deposit hosts a substantial NI 43-101-compliant mineral resource, with the potential for increases in grade and tonnage through further drilling.*

### **Executive Summary**

For the full report please visit:

<http://www.ObjectiveCapital.co.uk/columbiayukon.pdf>

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# Initiation Report

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## Key Points

6 August 2008  
Price: C\$0.54

*Columbia Yukon Explorations Inc is a Canadian-based, TSX Venture Exchange-listed junior explorer with a promising molybdenum project in northwestern British Columbia and several other mineral prospects in Canada. The company is focusing on exploration and development of its Storie Moly Deposit project, a large-tonnage, lower-grade molybdenum deposit near Cassiar. The Storie Deposit hosts a substantial NI 43-101-compliant mineral resource, with the potential for increases in grade and tonnage through further drilling.*

- **Columbia Yukon has a major molybdenum resource at Storie Deposit**

Columbia Yukon acquired the Storie Deposit project through a 2006 option agreement. A series of aggressive drill programmes led to the calculation of an NI 43-101-compliant inferred resource last year. This recently was substantially upgraded to an indicated 98.3 million tonnes, averaging 0.064 percent molybdenum, with an inferred 30.9 million tonnes averaging 0.059 percent molybdenum.

- **The exploration potential at Storie Deposit remains excellent**

The resource remains open along strike to the east, north and west, and at depth. Columbia Yukon completed another drill programme subsequent to the resource calculation, which resulted in extensions to the mineralisation, and with potentially higher grades. In particular, evidence of a significant higher-grade zone could appreciably enhance the project economics.

- **Columbia Yukon is undertaking another major drill programme in 2008**

Based on the encouraging assays obtained in 2007, Columbia Yukon designed its 2008 drill programme to expand the existing resource further. In particular, the drilling, which commenced in late May, is focusing on further delineation and expansion of the new higher-grade zone noted last year. The company is budgeting over C\$6m for its 2008 exploration programme.

- **A second British Columbia project offers added potential**

The company has a gold prospect in southeastern British Columbia. The Barnes Creek property has a lower priority in light of recent developments at Storie and Columbia Yukon is optioning the project to White Tiger Mining Corp. White Tiger can earn a 60-percent interest in exchange for a C\$0.5m exploration expenditure over a two-year period. Columbia Yukon also holds interests in several prospects in Labrador.

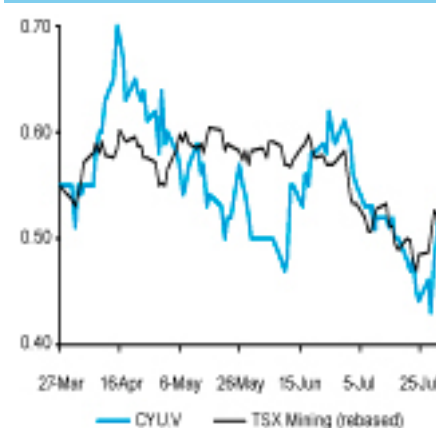
- **Exploration risk remains high**

Columbia Yukon's Storie Deposit project has a substantial indicated resource with opportunities for significant expansion. The potential economics are favourable, but the project remains at the exploration stage, prior to prefeasibility. As a result, there is a risk that development at Storie Deposit will not occur in time to capitalise on the currently robust molybdenum price. Further, there is the risk that continued exploration might not delineate sufficient economic mineralisation to support our base hypotheses.

- **Our core base-case valuation of C\$0.92 is appreciably higher than the current share price**

We assess Columbia Yukon's current value at C\$0.92 per share, with significant potential for appreciation with exploration success. Continued development suggests valuations as high as C\$4.78 per share in the post-permitting environment.

### Price chart (C\$)



### Current fair value of equity

Expected Value	C\$37.8m
<b>Value per share</b>	<b>C\$0.92</b>

### Derisked upside potential\*

Our core scenario	C\$2.00
Our optimistic scenario	C\$4.78
Maximum potential	C\$5.51

\*potential assuming projects reach permitting

### Company details

#### Quote

Shares	
- TSX	CYU.V
- Pinksheets	CYUXF.PK
Hi-Lo last 12-mos. (p)	1.55 - 0.42
Shares issued (m)	40.8
Fully diluted (m)	51.0
Market Cap'n (C\$m)	21.6
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## Overview

Columbia Yukon Explorations is a TSX Venture Exchange-listed, Vancouver-based, Canadian exploration company with a promising molybdenum project in northwestern British Columbia, an early-stage gold prospect in southeastern British Columbia, and three metals prospects in Labrador. The Storie molybdenum deposit hosts a significant NI 43-101-compliant, predominately indicated, mineral resource, which remains open along strike and at depth. Columbia Yukon's strategy is to focus on the Storie Deposit through continued exploration and development.

### **The Storie Deposit project is now Columbia Yukon's cornerstone project...**

Columbia Yukon acquired an option to earn a 100-percent interest in the Storie molybdenum property near Cassiar in northwestern British Columbia in 2006. The agreement required the company to spend C\$4m over a five-year period, a commitment that Columbia Yukon fulfilled by the autumn of 2007.

The company completed a drill programme in 2006. That data, combined with historical drilling in 1979 and 1980 allowed the calculation last year of an NI 43-101-compliant inferred resource of 101.6 million tonnes, averaging 0.067 percent molybdenum, using a cut-off of 0.035 percent molybdenum and a maximum open pit mining depth of 325 metres.

Columbia Yukon completed a larger drill programme in 2007. Data from 75 holes of those holes, combined with 20 tests in 2006 and the historic drilling allowed for a significant expansion and upgrade of the resource. The Storie Moly deposit now contains an indicated resource of 98.4 million tonnes averaging 0.064 percent molybdenum, with an inferred resource of 30.9 million tonnes, averaging 0.059 percent molybdenum, based on a cut-off of 0.03 percent molybdenum. The resource remains open at depth, and to the east, north and west.

The 23,000-metre drill programme in 2007 showed Columbia Yukon has opportunities to increase both the tonnage and grade of the resource. In particular, infill holes over the western portion of the deposit showed substantial intersections of higher-grade mineralisation. Several holes returned intervals of between 105 metres and 220 metres, with grades ranging from 0.10 percent to 0.147 percent molybdenum.

Columbia Yukon began an aggressive new exploration programme in May 2008, with plans for approximately 30,000 metres of drilling. This drilling will continue to probe the high-grade mineralisation over the western portion of the deposit and attempt to expand the known resource, especially to the west. Further, the drilling will test the deposit at depths below 300 metres, where there are signs of a previously undetected mineralised sheet. Columbia Yukon expects to spend in excess of C\$6m on Storie during the 2008 programme.

### **...with potentially favourable economic potential**

Columbia Yukon substantially upgraded its mineral resource calculation following the 2007 drilling, and we believe further upgrades and increases are likely, following the current programme. Further, the topography and the outcropping nature of the deposit make Storie Deposit particularly amenable to open pit mining.

For modelling purposes, we have assumed the company will be able to produce a substantial increase in available tonnage through continued exploration, sufficient to support a 20,000-tonne-per-day mine for a period of approximately

twenty years, commencing in 2013. Our model assumes a theoretical 133 million tonnes of material with a diluted average grade of 0.069 percent molybdenum, based on a cut-off of 0.035 percent molybdenum.

The project has good road access and an available water source, but additional infrastructure will be required. A Storie mine will require development of power supply and other key infrastructure, but projected costs compare favourably with other projects in the area.

Exploration of the Storie Deposit is advanced, but a prefeasibility study has yet to be completed. Columbia Yukon has commenced initial baseline environmental studies and other preliminaries to assist in the preparation of an environmental impact assessment and permit applications. The company is also actively liaising with the local First Nations group.

The currently robust market for molybdenum makes large tonnage, lower-grade molybdenum deposits producing clean, primary concentrates particularly attractive. We project the price of molybdenum will revert toward its long-term, inflation-adjusted mean over the next several years, but Columbia Yukon could have the opportunity to maximise its cash flow in the first few years, if it can fast-track development, or if the molybdenum price remains strong into the 2010s. The current turmoil in the financial markets is making it difficult for current developers to obtain financing for large molybdenum projects, and any resulting development delays could sustain higher prices into the longer term.

### **Columbia Yukon will advance its gold property through an option agreement**

The company currently holds a 100-percent interest in the Barnes Creek gold project in southeastern British Columbia. With its focus almost solely on Storie, Columbia Yukon recently signed an option agreement with White Tiger Mining Corp. White Tiger can earn a 60-percent interest in the project by spending C\$0.5m over a two-year period.

The geological target at Barnes Creek is structurally controlled gold and silver in veins, but the project is at an early stage, with only reconnaissance work completed prior to Columbia Yukon's arrival. The company has completed limited trenching and drilling on the property.

Columbia Yukon also holds a fifty-percent interest in the VBE-2 base-metal property located in the Voisey's Bay area of Labrador. Celtic Minerals and Merrex Gold have acquired the right to earn a 100-percent interest in the property by spending C\$1.6 million in exploration over a four-year period. The company holds a fifty-percent interest in the nearby VBE-1 property and a 100-percent interest in the Barr/1506 Claims in Labrador. These projects are not significant contributors to Columbia Yukon's valuation.

### **Columbia Yukon's management has both financial and geological experience**

A management group led by Doug Mason and Ron Coombes has significant experience in raising venture capital for development projects, including mineral resource projects. The management group has been involved in managing and directing public companies for many years. Columbia Yukon's management also includes the geological and engineering expertise needed to advance the Storie Deposit project.

# Valuation

## Our valuation approach

We have valued Columbia Yukon based on assessing the economic potential of the company's key property, the Storie molybdenum project. In so doing we have accounted for: the likelihood that an economic resource will ultimately be proven; the likelihood that feasibility will be established, after considering metallurgical, social and permit issues etc; and the likely economics if actual mining were to occur, considering parameters such as tax, operating costs, revenues etc.

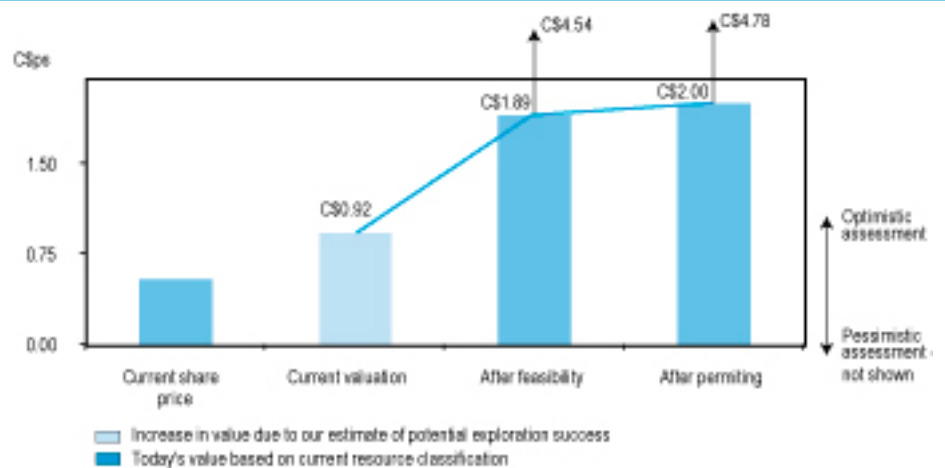
One of the key issues that any mining analysis must consider is the problem posed by the dependence of our assessment on commodity prices. This issue takes two forms – what will be the price environment when mining eventually occurs; and the operating dynamics in response to changing mining prices.

From a valuation perspective, the aspect of operational dynamics that is of interest is the ability to “mothball” operations during periods when the commodity price is below the marginal cost of extraction. This creates what is frequently referred to as “optionality” – something that traditional NPV fails to capture. Intuitively this can most easily be understood by thinking of NPV as assuming that positive and negative deviations from our mid-case have a similar likelihood of occurring and hence balance each other – however, in mining, the downside is capped at the cost of “mothballing” the site.

We capture these aspects by valuing each year's production as an option assuming that prices revert to mean over the long run – that is, the mine will only operate if the commodity price is above the extraction cost. In essence, rather than valuing that year's production as we would in an NPV model as the discounted value of the cash-flow estimated using the mid-case for the commodity price we value the probability that the price is above the extraction cost.

In valuing the economic potential of resource projects, we assume that while commodity prices are volatile they return to an inflation-adjusted, long-run mean. For example, in the case of precious metals, molybdenum has historically traded at approximately US\$9.70 per pound in current dollars since the early 1950s, with deviations from mean normally correcting over 8.0 years with a volatility of 28 percent.

## What Columbia Yukon could be worth - now and in the future



Source: Objective Capital

## Fair value summary (C\$m)

Scenario	Base	Pessimistic	Optimistic
Property portfolio			
- Storie Deposit	40.0	(6.6)	99.4
- other	1.4	1.4	1.4
Total	41.4	(5.2)	100.8
Less: overhead	13.5	13.5	13.5
<b>Expected value of portfolio</b>	27.9	(18.7)	87.3
Add: other investments	0.0	0.0	0.0
Add: starting cash + new funds	12.4	12.4	12.4
Total current value for firm	40.3	(6.3)	99.7
Less: bank & other debt	0.0	0.0	0.0
Total value to equity claims	40.3	(6.3)	99.7
Less: warrants	2.6	0.0	11.3
Ordinary equity holders	37.8	(6.3)	88.4
Value per share (C\$)	<b>0.92</b>	<b>(0.15)</b>	<b>2.16</b>

## Expected fair value of Columbia Yukon Explorations

Scenario	Risked mineable resources (m tonnes)	Storie Moly property value (C\$m)	CYU Valuation (C\$m)	Value per share (C\$)
<b>Base case outlook</b>	<b>83.3</b>	<b>40.0</b>	<b>37.8</b>	<b>0.92</b>
<b>Value for scenarios of further exploration success</b>				
Full proved up	119.3	116.7	102.7	2.52
Optimistic outlook	111.3	99.4	88.4	2.16
Pessimistic outlook	61.5	(6.6)	(6.3)	(0.15)

### Value with no further exploration success

Current resource estimate	49.2	(12.2)	(11.9)	(0.29)
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### Note:

- 'fully proven up' scenario assumes that current mineable resource estimates are upgraded to 'Proven' status
- for further details see Storie property section

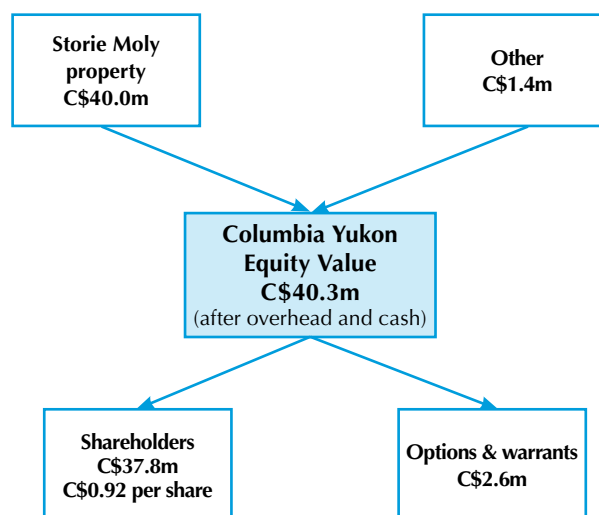
## Sensitivities to assumptions on ...

Long run real moly price (US\$/lb)	7.70	8.70	<b>9.70</b>	10.70	11.70
Value (C\$/share)	-0.29	0.29	<b>0.92</b>	1.61	2.59
Time for moly price to revert to mean (years)	6	7	<b>8</b>	9	10
Value (C\$/share)	-0.08	0.41	<b>0.92</b>	1.45	1.99
Volatility of moly price (%)	23%	<b>28%</b>	33%	38%	43%
Value (C\$/share)	0.65	<b>0.92</b>	1.25	1.64	2.10
Interest rate (%)	3.5%	3.6%	<b>3.7%</b>	3.8%	3.9%
Value (C\$/share)	0.98	0.95	<b>0.92</b>	0.90	0.87

## Sensitivity to market assumptions ...

Recovery rate (%)	-2%	-1%	<b>+0%</b>	+1%	+2%
Value (C\$/share)	0.77	0.85	<b>0.92</b>	1.00	1.08
Change in value (%)	-16%	-8%		+8%	+17%
Roasting charge (C\$ per tonne)	0.86	<b>0.91</b>	0.95	1.00	1.04
Value (C\$/share)	0.94	<b>0.92</b>	0.91	0.89	0.88
Change in value (%)	+2%		-2%	-3%	-5%
Increase in capital cost (%)	<b>+0%</b>	+10%	+20%	+30%	+40%
Value (C\$/share)	<b>0.92</b>	0.64	0.35	0.04	-0.27
Change in value (%)		-31%	-63%	-96%	-130%

## Components of Columbia Yukon's entity value



## Storie Deposit valuation (C\$m)

Scenarios for exploration success	Base	Optimistic	Pessimistic
<b>Net value of production</b>	<b>570.1</b>	570.1	570.1
Expected mining success*	<b>63%</b>	84%	46%
<b>Expected net value of production</b>	<b>357.8</b>	477.9	263.5
Add: tax shield on depreciation charge	<b>71.3</b>	71.3	71.3
Less: development & operational capex	<b>323.3</b>	323.3	323.3
<b>Value of mining operations</b>	<b>105.8</b>	225.9	11.5
Probability of reaching mine development	<b>49%</b>	49%	49%
<b>Expected value of deposit</b>	<b>52.3</b>	111.6	5.7
Less:			
- expect pre-development costs**	<b>3.1</b>	3.1	3.1
- further exploration costs ***	<b>9.2</b>	9.2	9.2
Expected value of project	<b>40.0</b>	99.4	(6.6)
effective risk haircut	<b>84%</b>	65%	98%
Ownership	<b>100%</b>	100%	100%
Columbia Yukon's share	<b>40.0</b>	99.4	(6.6)

\* portion of reserve/resource expected to be converted to a mineable resource, probability-weighted for our confidence they will be proven-up

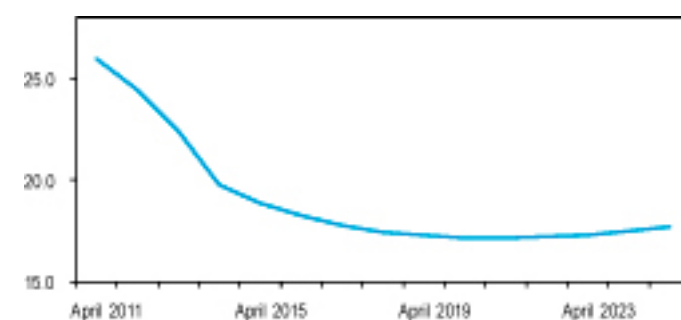
\*\* shown as expected value of being incurred after allowing for likelihood of reaching each development stage

\*\*\* present value

## Commodity market assumptions

Molybdenum prices are mean reverting	
Long run level	9.70 US\$/lb
Avg time to revert	8 years
Volatility	28%
Inflationary price growth	2.5%

## Expected molybdenum price (US\$/lb)



## Our key assumptions

We have modelled Columbia Yukon's Storie Deposit project based on the following key assumptions:

- the property currently has an NI 43-101-compliant indicated and inferred resource of 110.4 million tonnes, using a cut-off of 0.035 percent. We hypothesise a further 50 million tonnes in theoretical mineral potential. Our analysis assumes that further exploration will convert this combined amount to a mineable resource of some 133 million tonnes – or, after allowing for the confidence level of each resource category, 83 million tonnes on a risk adjusted basis.
- assuming exploration success we have modelled that mining will commence in the fourth quarter of calendar 2012 targeting an eventual capacity of 20,000 tonnes per day. We assume capital expenditures will begin in late 2010 with a total cost of approximately C\$390m over the following two years.
- we assume initial operating costs of C\$9.00 per pound of molybdenum or C\$17.50 per tonne milled, escalating at a nominal rate of inflation thereafter. We assume a tax rate of thirty percent.
- Columbia Yukon has yet to complete exploration of the Storie Deposit project. We have assumed success probabilities of 65 percent, 80 percent and 90 percent at the pre-feasibility, feasibility and permitting stages respectively.

## Our results

After allowing for likely economics, exploration potential and development risk our analysis suggests an expected value of C\$40.0m for the Storie Moly project. We ascribe current nominal book values of C\$1.3m for Barnes Creek and C\$0.1m for the Labrador properties. After allowing for corporate overhead and outstanding warrants, our assessment of Columbia Yukon's ordinary equity results in a base case current valuation of C\$37.8m, or C\$0.92 per share, with an optimistic current valuation of C\$2.16 per share, assuming higher probabilities of exploration success.

Our analysis suggests that Columbia Yukon's current value is based largely on exploration and development potential at Storie and should there be no further success, then the current level of risked resources may not be sufficient to justify extraction. Alternately, if all available potential resources in the company's Storie Deposit project were ultimately proven, they could yield up to C\$5.51 per share. Our base-case and optimistic outlooks, assuming success at all stages through permitting, result in valuations of C\$2.00 and C\$4.78 per share respectively.

Success at any of the company's other projects, or delineation of additional resources beyond our hypothesised estimates could add further value.

## Benchmarks

Benchmark comparisons with other companies can offer only a rough guide to what might occur as Columbia Yukon develops Storie Deposit, in that the company is a junior, exploring a property prior to the prefeasibility stage. The comparison of publicly stated mineral resources divided by the company's most recent market capitalisation suggests Columbia Yukon is significantly undervalued with respect to its peers.

As shown in the table below, we have compared other companies with significant molybdenum projects at early and intermediate stages of exploration, and a few now in production. In general terms, they show the increase in value attaching to a resource as exploration advances.

For current or imminent producers, the market is ascribing values between C\$1 and C\$2 per pound of molybdenum in established resources. Companies with well-defined formal resources at the feasibility stage typically carry market capitalisations between C\$0.40 and C\$1 per pound of molybdenum, a range generally dependent upon the stage of exploration, the size of the deposit the likely method of mining and the perceived likelihood of development. Companies with initial resource calculations and with potential to substantially increase these resources have lower market capitalisations, typically between C\$0.10 and C\$0.30.

At present, we credit Columbia Yukon with a hypothesised molybdenum resource of roughly 178 million pounds, using a 0.03-percent cut-off. This figure, and the company's current market capitalisation, translates to C\$0.12 per pound of molybdenum, a surprisingly low value given the large indicated component to the company's resource estimate. This result falls within the lowest range of expected values. Indeed, with credit for only the indicated resource calculated at a cut-off of 0.035 per cent, Columbia Yukon's market capitalisation per pound of molybdenum rises only to C\$0.17, still at the lower end of the expected range.

### What the market is paying for comparable companies

Company	Ticker	Price C\$	Shares (m)	Mkt Cap (m)	Mo Equiv Mln Lbs	Mkt Cap per lb Mo	Development Stage
Columbia Yukon	CYU.V	0.53	40.8	\$21.6	178	\$0.12	Exploration
Adanac Molybdenum	AUA.TO	0.39	114.6	\$44.7	326	\$0.14	Feasibility
Strategic Metals	SMD.V	0.43	58.4	\$25.1	112	\$0.22	Exploration
Hi Ho Silver	HIHO.C	0.72	22.2	\$16.0	48	\$0.33	Exploration
Roca Mines	ROK.V	1.87	80.9	\$151.3	90	\$1.68	Production
Thompson Creek	TCM.TO	16.61	125.0	\$2,076.9	1114	\$1.86	Production

Source: *Objective Capital*

## Key Risks

Columbia Yukon's Storie molybdenum project offers good potential for exploration and development success, but the project remains at a moderate stage of exploration and development. The company has a substantial indicated resource, but the project has not yet been the subject of a prefeasibility or scoping study. As a result, much of the company's value will depend on the ability of Columbia Yukon to expand and upgrade its mineral resource and demonstrate economic viability. Therefore, the Storie Deposit project carries significant risk.

### **Columbia Yukon's success depends on...**

#### ***...the company delineating sufficient resources to support mining***

Columbia Yukon has a large indicated resource at Storie, but the company will have to expand the tonnage and potentially improve the grade of the ore to demonstrate the economic potential of the project. We base our valuation of Columbia Yukon on the reasonable assumption that the company will achieve a substantial increase in tonnage, and a modest increase in average grade through the delineation of the high-grade zone. Failure to expand the current resource materially would have a proportionately adverse impact on our valuation.

#### ***...the molybdenum market remaining robust***

Molybdenum broke out of a prolonged slump in 2004, with prices reaching US\$40 per pound in 2005. The price of molybdenum has averaged US\$30 per pound since late in 2004, resulting in plans to develop several large tonnage molybdenum deposits. As a result, we expect the price to revert toward its long-term mean. Although we believe this will result in the inflation-adjusted price remaining above US\$17 per pound, unforeseen increases in supply or decreases on demand would materially lower our valuation and potentially jeopardise the project.

#### ***...the company's ability to control capital and operating costs***

The Storie Deposit project lies in a remote region and Columbia Yukon will face significant infrastructure issues. In particular, obtaining access to hydroelectric power in a timely and cost-effective manner will be important to the project economics. The typical project scale creates the risk that future cash flow will be insufficient to repay the required initial capital investment. Further, there is the risk that revenues will be insufficient to cover operating costs. Mining developments and operations continue to face significant inflationary pressures due to shortages of equipment, supplies and labour. We expect these pressures will abate in the mid-term, but there is a risk that inflationary pressures will exceed our assumed rates.

#### ***...the company's ability to raise further funds for exploration and development***

Columbia Yukon is a junior exploration company with limited access to capital. We expect it will need increasing and significant amounts of cash to fund its exploration programmes. In addition, the company will need capital to cover development costs for Storie, with continued exploration success. The need for further private placements of Columbia Yukon shares could result in significant dilution to shareholders.

#### ***...the company's ability to obtain permits and environmental approvals***

Although we see no major environmental or permitting issues at Storie, the company would have to complete detailed environmental assessments in order to obtain provincial and federal approvals for project development. Although the risk of failing to obtain permission is low, there is the risk of added costs and delays.

Profit and Loss							
Year ending April (C\$m)	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>	—	—	—	—	—	—	<b>164.0</b>
COGS	—	—	—	—	—	—	(60.7)
Gross profits	—	—	—	—	—	—	103.4
Administrative Costs	(1.0)	(2.5)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
<b>EBITDTA</b>	<b>(1.0)</b>	<b>(2.5)</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>102.2</b>
Depreciation & amortisation	(0.0)	(0.3)	—	—	—	—	(24.2)
Writedowns and Minority interests	(0.8)	—	—	—	—	—	—
EBIT	(1.8)	(2.8)	(1.2)	(1.2)	(1.2)	(1.2)	78.0
Interest	0.1	0.8	0.5	0.1	(3.9)	(13.9)	(19.9)
EBT	(1.7)	(2.0)	(0.7)	(1.1)	(5.1)	(15.1)	58.0
Tax paid	0.9	0.6	0.2	0.3	1.5	4.5	(17.4)
<b>Earnings</b>	<b>(0.8)</b>	<b>(1.4)</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>(3.6)</b>	<b>(10.6)</b>	<b>40.6</b>
Dividends	—	—	—	—	—	—	—
<b>Retained earnings</b>	<b>(0.8)</b>	<b>(1.4)</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>(3.6)</b>	<b>(10.6)</b>	<b>40.6</b>

Cashflow statement							
Year ending April (C\$m)	2007	2008	2009	2010	2011	2012	2013
EBIT	(1.8)	(2.8)	(1.2)	(1.2)	(1.2)	(1.2)	78.0
Depreciation	0.0	0.3	—	—	—	—	24.2
Stock-based Comp, Writedowns, Tax Recovery	1.2	1.2	0.6	0.6	0.6	0.6	0.6
(Increase) decrease in receivables	(0.1)	(0.2)	—	—	—	—	(24.6)
(Increase) decrease in inventory	0.0	0.0	—	—	—	—	(9.1)
Increase (decrease) in payables	0.0	(0.2)	—	—	—	—	4.9
<b>Net cash from Ops</b>	<b>(0.7)</b>	<b>(1.7)</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>73.9</b>
Tax paid	—	0.6	0.2	0.3	1.5	4.5	(17.4)
Dividends	—	—	—	—	—	—	—
Net interest recieved (paid)	0.1	0.8	0.5	0.1	(3.9)	(13.9)	(19.9)
New equity	7.7	14.0	10.0	—	50.0	75.0	—
New (deposits) borrowings	—	—	—	—	100.0	150.0	—
Capital expenditure	(2.3)	(8.0)	—	—	(110.0)	(185.0)	(96.3)
<b>Net cash from financing</b>	<b>5.5</b>	<b>7.4</b>	<b>10.7</b>	<b>0.4</b>	<b>37.6</b>	<b>30.6</b>	<b>(133.6)</b>
<b>Net increase (decrease) in cash</b>	<b>4.8</b>	<b>5.7</b>	<b>10.1</b>	<b>(0.2)</b>	<b>37.0</b>	<b>30.0</b>	<b>(59.7)</b>

Balance sheet							
Year ending April (C\$m)	2007	2008	2009	2010	2011	2012	2013
Fixed assets at NAV	3.2	10.9	10.9	10.9	120.9	305.9	378.0
Cash	5.0	10.7	20.8	20.6	57.7	87.7	28.0
Receivables	0.1	0.3	0.3	0.3	0.3	0.3	24.9
Inventory	0.0	0.0	0.0	0.0	0.0	0.0	9.1
Less Payables	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(4.9)
<b>Net current assets</b>	<b>4.8</b>	<b>10.9</b>	<b>21.0</b>	<b>20.9</b>	<b>57.9</b>	<b>87.9</b>	<b>57.0</b>
Less loans	—	—	—	—	(100.0)	(250.0)	(250.0)
<b>Capital employed</b>	<b>8.0</b>	<b>21.8</b>	<b>31.9</b>	<b>31.8</b>	<b>78.8</b>	<b>143.8</b>	<b>185.0</b>
<i>Represented by</i>							
Shares in issue	20.2	35.4	46.0	46.6	97.2	172.8	173.4
Add retained profit							
Prior periods	(11.4)	(12.1)	(13.5)	(14.0)	(14.8)	(18.4)	(29.0)
This period	(0.8)	(1.4)	(0.5)	(0.8)	(3.6)	(10.6)	40.6
<b>Shareholders' funds</b>	<b>8.0</b>	<b>21.8</b>	<b>32.0</b>	<b>31.8</b>	<b>78.8</b>	<b>143.8</b>	<b>185.0</b>

Source: Objective Capital

## Appendix: Management

### **Douglas L. Mason – Chairman**

Douglas Mason is president and chief executive officer of Waterfront Capital Corp and serves as president and a director of Criterion Capital Corp, his wholly owned private investment and financial consulting company. Mr Mason was formerly the president and chief executive officer of Clearly Canadian Beverage Corp.

### **Ronald A. Coombes – President**

Ronald Coombes is a businessman who founded International Bethlehem Mining Corp in 1995. He is an experienced entrepreneur and fundraiser who has been involved in mineral exploration and junior exploration company management for the past ten years. Mr Coombes also serves as president of International Bethlehem Mining Corp and Black Panther Mining Corp.

### **Sead Hamzagic, CGA – Chief Financial Officer and Director**

Sead Hamzagic has over ten years of public accounting practice experience and thirteen years of experience in financial management matters. Mr Hamzagic has held a number of senior management positions in a variety of businesses and industries. Most recently, he was the vice president of finance for a large group of privately held companies involved in property development and management. Mr Hamzagic is a member in good standing with the Certified General Accountants Association of British Columbia.

### **John Kowalchuk, BSc, PGeo – Director**

John Kowalchuk, a professional geoscientist, is a member of the Association of Professional Engineers and Geoscientists of British Columbia. He has over 34 years of geological experience in the development and management of exploration projects. He has been serving as a director and officer of several junior mining companies. Mr Kowalchuk has been involved in the discovery and staking of several significant deposits, including the Kerr porphyry copper-gold deposit, the Howard's Pass stratiform zinc-lead deposit, the barium-lead-zinc and silver deposit at Driftpile Creek and the Cleo tungsten property in Yukon.

### **Bruce E. Morley, LLB, BComm – Director**

Bruce Morley has extensive experience in assisting public companies with legal and business matters. He is currently a director of Waterfront Capital Corp, Columbia Yukon Explorations Inc and Black Panther Mining Corp. Mr Morley has been a practicing lawyer and a member in good standing with the Law Society of British Columbia since 1981. Mr Morley has a degree in commerce, with specialties in finance and real estate.

### **Benjamin Ainsworth, MA, PEng – Director**

Benjamin Ainsworth is a senior geologist and mining consultant who has been involved in the mining industry for over 35 years. He obtained an honours degree in geology from Oxford University in England in 1963. He joined Placer Development in 1965 and served as a senior geologist, chief geochemist, exploration manager for Eastern Canada, exploration manager for Chile. He also served as president of Placer Chile, in South America. Throughout the 1970's, Mr Ainsworth was involved in the design, budgeting and implementation of exploration programmes that included large and small drill programmes, geophysical surveys, geological mapping, geochemical surveys, and a full range of project evaluation studies. He is a registered Professional Engineer in British Columbia and is a Canadian citizen by naturalisation.

### **Richard Fischer – Vice-president: Business and exploration development**

Richard Fischer is the founder of Eveready Resources Corporation, a private mining exploration company currently active in the Cassiar area of British Columbia. He has also been active in exploration in other areas, including base metals projects near Keno and Swift River in Yukon. Mr Fischer has been involved in several public junior mining companies over the last fifteen years in various management/exploration capacities. He is currently working with a major oil and gas company located in Calgary, Alberta.

### **Henry Ewanchuk, P.Eng – Advisor**

Henry Ewanchuk has a long and successful career in exploration and mine development in Canada. He has held numerous executive positions with public exploration and mining companies including Imperial Metals Corporation, Mascot Gold Mines Limited and E&B Explorations Inc.

### **Ed Yurkowski, P.Eng – Advisor**

Ed Yurkowski is president of Procon Mining and Tunneling Ltd., a Vancouver based full service mining contractor with operations in North America and other continents. He also serves on the Board of Directors of Imperial Metals Corporation.

We are pleased to bring you this report on **Columbia Yukon Explorations Inc.**



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Gabriel Didham, CFA  
Objective Capital

### **Will Purcell**

Will has been involved in the resource sector for 30 years in a variety of roles. Since the late 1990s, he has been active in assessed mineral resource investment projects. Will has a B. Math degree from the University of Waterloo in Ontario.

### **Paul Wheeler, BSc. ARSM**

Paul is a mining geologist with over 18 years experience evaluating ore deposits. He has worked on mines and projects in West Africa, Europe and the former Soviet Union; and lectured at Camborne School of Mines.

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