



Bulletin Resources

ASX:BNR

Recommissioning High Grade Nicolson's Find Gold Project

Capital Structure

ASX	BNR
Shares	67.4 m.
Options	8.25 m.
Price	\$ 0.150
Market cap	\$ 10.1 m.
Net Cash (est)	\$ 6.0 m.
Resource	0.249 moz
Mkt cap/oz	\$ 41 /oz

Board

Philip Retter	Chairman
Martin Phillips	Managing Director
Mick Fitzgerald	Executive Director
Steve Robinson	Non- Executive Director

Opinion*

Bulletin Resources provides investment appeal for ongoing exploration results from its Nicolson's Find and associated gold prospects, as well as for a possible re-rating as final feasibility work progresses towards recommissioning production in late 2012.

The company trades on a low market capitalisation per ounce of current gold in Resource of just \$42/oz. Strachan Corporate believes that ongoing exploration drilling below known mineralisation and along strike from defined Resources will add to total Resources.

Peter Strachan.

*No recommendation is offered for commissioned research.

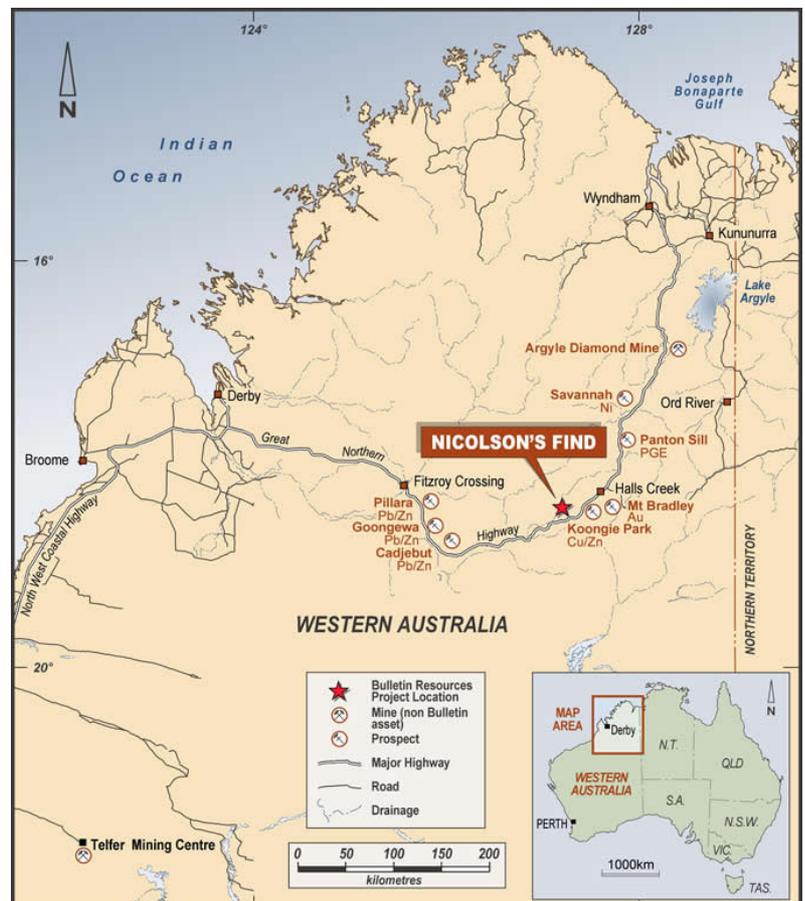
Share Price



Investment Drivers

- ◆ Bulletin aims to establish gold production at 20-25,000 oz pa by late 2012 at the Nicolson's Find Project, using an existing processing plant and other facilities to process ore defined from within a Resource of 1.4 million tonnes grading 5.6 g/t gold, containing 248,500 ounces of gold.
- ◆ Strachan Corporate estimates cash costs of A\$870 per ounce for mining and processing its high grade ore and total costs of \$995 per ounce.
- ◆ Strachan Corporate estimates a target valuation of between \$30 and \$70 million for the company, prior to any additional exploration success.
- ◆ Ongoing exploration drilling should deliver more results by late November, opening up potential for expanding Resources and valuation.
- ◆ The Nicolson's Find Project is surrounded by historical gold mines, many of which are likely to be candidates for commercial operation at the current gold price. Bulletin aims to be a consolidator of projects in the Hall Creek region.
- ◆ The Company has a skilled Board and management.

Fig 1: Project Location



Source: Bulletin

Introduction

Bulletin Resources holds 100% interest in a contiguous package of prospective tenements covering approximately 69.3 km² of territory located near Halls Creek in the Kimberley Region of Western Australia. The company listed in December 2010, raising \$10 million from an IPO after finalising purchase of the Nicolson's Project and submitted applications for two additional adjoining Exploration Licences.

ASX listed for 12 months

The company has gathered to its Board, a Rhodes Scholar who is a financial economist, a long standing operator of a mining contracting services firm with deep knowledge of underground mining operations and processes, as well as a veteran process engineer and a Chairman, who has worked on both sides of the fence as a mining geologist and as a corporate finance executive, to establish a formidable Board and management team.

Nicolson's Find

Established, high grade gold deposit

In less than a year since listing, Bulletin has increased Resources by 47% at the Nicolson's Find project, near Halls Creek in the Eastern Kimberley Region. Minnow, wannabe gold miner Bulletin Resources has strong credentials. It not only has a Board directed by a veritable brains trust, but it has a functional, 120 Ktpa gold processing plant alongside a gold resource of 1.4 mt grading 5.6 g/t gold, containing 248,500 ounces of gold at Nicolson's Find. Strachan Corporate estimates that at least 160 Koz of this Resource can be converted to a mined Reserve, with grades that could be higher than the overall Resource, depending on mining techniques. With Nicolson's Find Resource having an average insitu value of around \$280 per tonne and modest start-up capital costs, the project has plenty of financial flexibility.

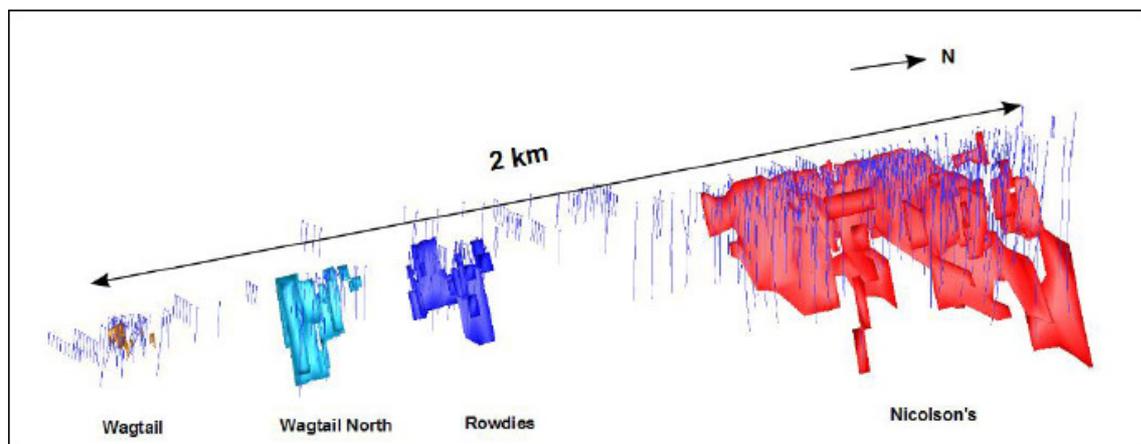
Strong gold price cancels out small scale operating cost disadvantage

Fig 2. Resource Estimate

Deposit	mt	Au	
		g/t	Koz
Nicolson's			
Indicated	0.65	5.67	119.0
Inferred	0.51	5.80	95.5
Total	1.16	5.73	214.6
Rowdies			
Indicated	0.07	3.91	8.5
Inferred	0.03	2.62	2.7
Total	0.10	3.51	11.3
Wagtail			
Indicated	0.02	7.56	4.1
Inferred	0.10	5.62	18.6
Total	0.12	5.89	22.6
Combined			
Indicated	0.74	5.55	131.6
Inferred	0.65	5.61	116.7
Total	1.38	5.58	248.3

Source: Bulletin

Fig 3. Drilling Data & Projected Resource Location along 2 Km Strike



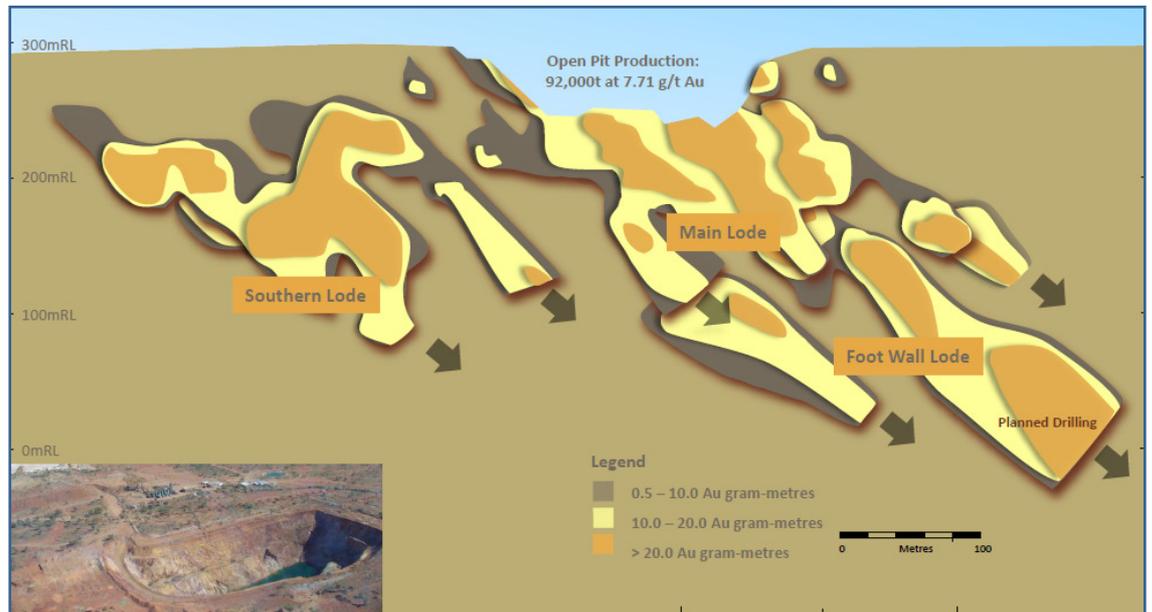
Source: Bulletin

While its project is relatively small, so is the company. Bulletin can be bought at a market capitalisation of just \$41 per ounce of gold in Resources when the price of gold is hovering at around A\$1,600 per ounce, which is arguably one third of the value rating it might achieve as management moves closer to commissioning its processing plant. Strachan Corporate calculates that about 93 Koz of its Resource could be recovered by open pit mining of about 550,000 tonnes of mineralisation while a further 66 Koz might be targeted from 300-400 Kt of ore from underground mining. Ongoing drilling is likely to expand both open pit potential along strike and the underground Resource at depth below known mineralisation, with obvious positive implications for overall corporate value.

Low start-up capex

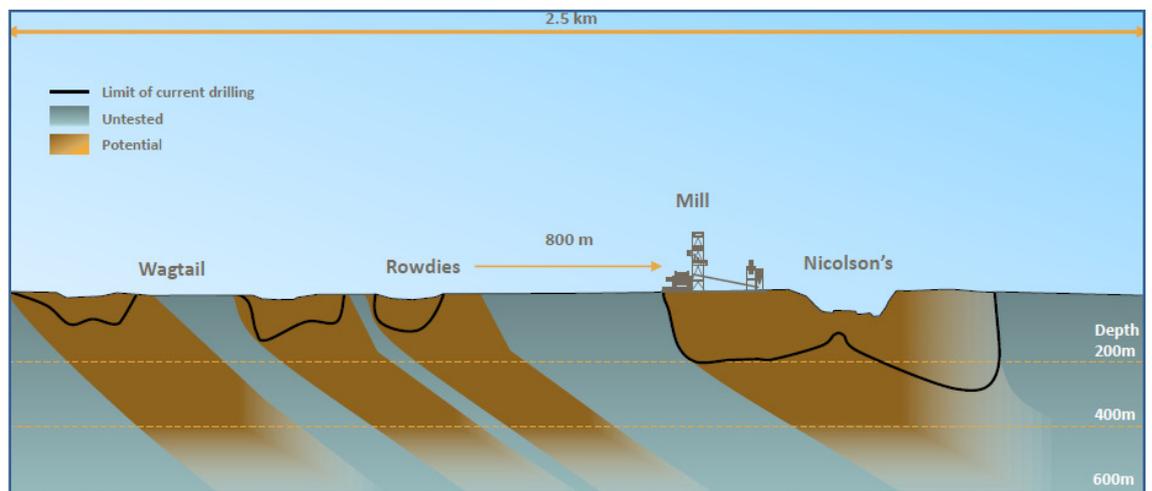
While Bulletin is small, with ~\$6 million in the bank, it has sufficient cash on hand to keep the ball rolling towards a full feasibility study in Q1 '12. The company aims to re-start operations at the established processing plant by late 2012. Start-up capital will involve the feasibility study (\$1 million), refurbishment and maintenance of the plant (\$2-3 million), accommodation village (\$2-\$3 million), open pit cutback (\$5 million) plus initial working capital and tooling up in readiness for commissioning, all of which should be achievable for around \$15 million which would largely be repaid within 14 to 20 months of operation at an estimated 20,000 oz pa. A further \$5 million would be required during the project life for establishment of underground mining.

Fig 4. Nicolson's Find Deposit Showing Depth Potential



Source: Bulletin

Fig 5. Long Section of Nicolson's Find Field showing Depth Extension Potential



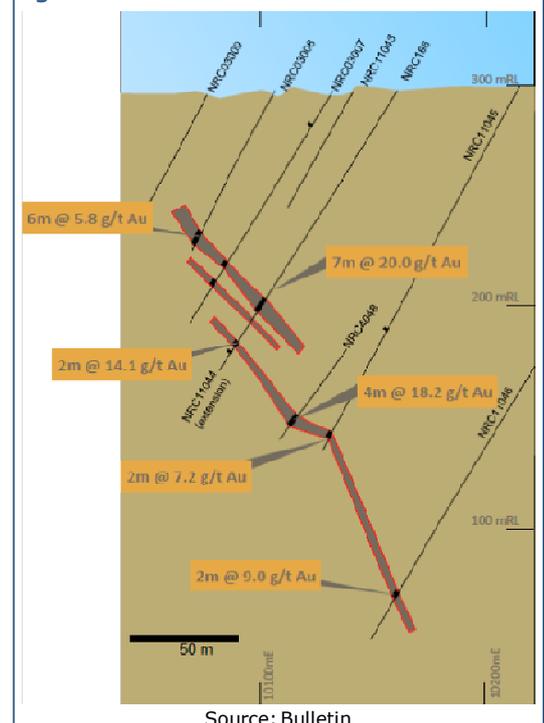
Source: Bulletin

The company is on a fast-track into production within 14 months. All mining leases are granted (pre Native Title) and the environmental footprint is small, so no major infrastructure negotiations are required.

Meanwhile, deeper targets are being drilled at the three main ore bodies along the field and further exploration is being undertaken to the north of the main Nicolson's Find Resource, to test the largely unexplored northerly extension of the mineralised trend. The processing plant has spare crushing and grinding capacity, so plant upgrade would involve the addition of low cost leaching capacity. Plant expansion would result in significant operating cost reductions, since much of the proposed operating costs will be fixed labour costs.

At Nicolson's Find, deep intercepts such as 2 metres grading 9 g/t Au at about 130 metres depth, along with 4 metres grading 18.2 g/t Au from around 150 metres and 7 metres at 20 g/t from just on 100 metres depth, provide encouragement for a small-scale underground operation. The Rowdies deposit shows multiple ore shoots which could support deeper open pit

Fig 6. Nicolson's Find Cross Section



Source: Bulletin

mining on a broad zone, grading over 10 gram-metres of gold. Similarly at the Wagtail deposit, multiple shoots show promise for a deeper open pit operation, while intersections such as 6 metres grading 21 g/t Au at about 70 metres depth support underground mining potential.

The company has significant upside. Exploration is focused on expanding total Resource inventory for underground mining as mineralisation is open down plunge. The Rowdies and Wagtail deposits are also open and many areas are untested in between deposits and along strike to the north, providing ample exploration targets.

**Upside for
exploration appeal...
& regional
consolidation or JVs**

Significant economies can be extracted by doubling mill capacity. In addition, the company sees an opportunity to establish its mill as a regional hub, drawing on Reserves from projects in its surrounding hinterland, which do not support a processing facility on their own merit. Regional joint ventures and acquisitions will deliver more ore from historical Kimberley goldfields areas, with Bulletin providing exploration input to earn its interest in many occasions.

Financial Evaluation

First pass modelling by StockAnalysis of a project at Nicolson's Find, assumes that production of 160 Koz of gold over a 7½ year mine life at a processing rate of 120 Kt pa and an all up cost of \$994/oz, including finance and capital, to deliver an EBITDA of \$110 million at a gold price of A\$1,550/oz, with net funds for shareholders of \$63 million, after tax and all costs. Even if the company has to raise \$15 million of new equity and additional debt to make this project happen, the end result should still be an NPV of around 25 to 30 cents per share for Bulletin shareholders. StockAnalysis estimates that the project could push out \$10 million of net profit per year in its early years, valuing the company at \$90 million on a multiple of nine times earnings, which provides great leverage on the current market capitalisation of \$10.1 million, even after allowing for \$15 million of additional equity.

Fig 7. Estimated Project Feed

Strachan Corp Estimated Mining	Kt	g/t	Rec	Koz	\$/t		Cost	
					Mine	Mill	\$m	\$/oz
O/Pit	550	5.7	93%	93.7	65	45	60.5	\$645
U/Ground	340	6.5	93%	66.1	130	45	59.5	\$900
Total	890			159.8			120.0	\$751

Source: Strachan Corporate

Fig 8. Rough Life of Mine Evaluation

Bench-top Financial Evaluation		\$m	
Years	7.4		
Revenue @	\$ 1,550 per oz	\$ 248	
Royalty	2.5%	-\$ 6.2	-\$ 39 /oz
Operating cost		-\$ 120	-\$ 751 /oz
Admin		-\$ 11	-\$ 70 /oz
EBITDA		\$ 110	
Debt service		-\$ 1.5	-\$ 9
Taxation	29%	-\$ 26	
Net operating Cash		\$ 83	
Capital		-\$ 20	-\$ 125 /oz
total cost /oz			\$ 994
Net cash flow		\$ 63	\$ 0.36

Source: Strachan Corporate

Board & Management

Philip Retter

Phil is a geologist with 25 years experience in the mining, consulting and finance industries. He has held senior positions in gold mining companies, making several discoveries. He has managed the Jakarta office of a large international mining consultancy as well as the Corporate Services division of that consultancy, providing experience in listings and M&A transactions in the Australian, London and Canadian markets, as well as working in the corporate division of a national stockbroking firm.

Chairman, B App Sc (Hons)

Martin Phillips

Martin has 22 years experience in the management of mine developments, mineral processing operations. He worked as Manager Business Development for Iluka Resources Limited and has been responsible for a number of large mine developments and minerals processing projects, early stage mine evaluations and feasibility studies through to construction and commissioning. Martin has also previously held roles at Mt Isa Mines and Britannia Refined Metals (UK).

**Managing Director
BE (Chem Hons) Grad.Dip, Applied Finance & Investment**

Mick Fitzgerald

Mick is a contract miner with 38 years hands-on practical experience in the mining industry. He is a qualified diesel mechanic with a WA Shift Supervisors Certificate and also a Senior Site Executive Certificate of Queensland. He now runs his own mining contracting company, Alliance Mining Pty Ltd.

Executive Director

Steve Robinson

Steve is a Rhodes Scholar, business strategist and financial economist with 20 years experience across the agribusiness and mining industries. He is a Director of Lincoln Capital Pty Ltd, a corporate advisory firm providing services predominantly to the mining sector.

Non-Executive Director, BSc

Susan Hunter

Susan has over 16 years experience in the corporate finance industry. She is founder and Managing Director of consulting firm Hunter Corporate Pty Ltd and is currently Company Secretary for four Australian Securities Exchange listed companies.

**Company Secretary
BCom, ACA, F Fin (GDipAFin (SecInst)), MAICD (Dip), ACIS (Dip)**

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