

## Bard Ventures Ltd. (TSX-V: CBS)

**Rating:**  
**Price Target:**  
Date:  
Analyst:

**Speculative Buy**  
**\$0.152**  
November 8, 2010  
Vitalie Eremia, CFA

Share Statistics	
Symbol (TSX-V)	CBS
Last Trade (11/08/10)	\$0.06
Low/High 52 weeks	\$0.045 - \$0.135
Average Volume (50-day)	284,493
Market Capitalization	\$6.3 Million
Shares Outstanding	96,706,849

*All amounts in Canadian dollars. Source: BigCharts.com*

### Analyst summary

Bard Ventures Ltd. (“Bard” or “the company”) is a junior mining company with two active projects in British Columbia. One of these two projects – the Lone Pine molybdenum project – is the main focus of the company’s activity for the past several years. Its measured and indicated resource totals 110 million tons of ore containing 202 million pounds of molybdenum.

The company has been working on additional drill targets since the resource was estimated in early 2009, and has reported encouraging results that may well expand the resource. The most recent and very important event is the fact that Bard has ordered a Preliminary Economic Assessment for the Lone Pine project, which should provide a sense of the potential economics of the project. The Assessment is expected to be available in Q1-2011.

Bard is also working on another project adjacent to the Lone Pine property – the Grouse Mountain project, but it is currently in much earlier stages of development.

As is the case with most junior mining companies, Bard has little cash, no revenues, and is expected to continue exploration for at least several years until any production can commence (if at all), during which time it will need to raise additional financing. This is a risky business, but if the Lone Pine molybdenum deposit proves to be economically feasible, the company should benefit from the expected strength of the molybdenum market, driven by the recovering global economy, demand pressure and potential supply constraints from China, as well as growing applications of molybdenum.

Relative valuation suggests that Bard should be valued at around \$0.152 per share.

### Investment Highlights

#### Preliminary Economic Assessment has been ordered

In late October 2010, Bard announced that it had engaged P&E Mining Consultants to complete an independent Preliminary Economic Assessment (PEA) of the Lone Pine property (an NI 43-

101 report). The PEA is expected to be completed during Q1-2011 and should provide a preliminary open pit mine design and estimate capital and operating costs. This report should mark a new stage in the company's life, as it will provide a much clearer picture of the economics of its flagship Lone Pine project. It should also help Bard to secure financing required to advance the project toward production, should the PEA have a positive conclusion.

#### **Resource has been estimated**

Bard announced the size of measured and indicated resource on its Lone Pine property almost two years ago – in January 2009, when an NI 43-101 report was published, containing these estimates. The base case scenario at the 0.04% Mo cutoff grade corresponds to measured and indicated resource of 110 million tons of ore, or almost 202 million pounds of in-situ molybdenum which is worth USD3.17 billion at current market price of USD15.7/lb. In addition, inferred resource at the same cutoff grade was 25.8 million tons containing 50.1 million pounds of in-situ molybdenum. Additional exploration may convert the inferred resources into measured/indicated, while the total resource may be expanded based on the ongoing work.

#### **Favorable characteristics of the Lone Pine project**

The Lone Pine property has good access to infrastructure, including a highway, a power transmission line and a gas pipeline running through the property, as well as a hydro power substation on the property. The property is easily accessible by road from either Smithers (50km) or Houston (15km) via Highway 16. There are also gravel roads on the property, the nearest town of Houston has a railway, which connects it to the city of Prince George and the Pacific ports of Kitimat, Prince Rupert and Ridley Island, as well as an airport. The good access to infrastructure should improve the economics of the project and increase the likelihood of a positive outcome of the preliminary economic assessment.

#### **Continuing exploration aimed at expanding resource estimates**

Bard has been actively drilling on the Lone Pine property since early 2007. During 2007 and 2008 the company completed four drilling programs and by January 2009 the company had drilled 41 holes totaling 21,557m, based on which the resource was estimated in the NI 43-101 report mentioned above. After that Bard continued exploration. In the period between February and April 2010 the company conducted another drilling program of nine drill holes from four drill sites totaling 3,427m, which returned positive initial results from a newly discovered zone of significant molybdenum mineralization, which Bard named the "61 Zone". The company announced the commencement of a follow-up fall 2010 drill program on the 61 Zone.

Despite the Lone Pine project being the main focus for Bard, the Grouse Mountain property has also been undergoing development. In October 2010, Bard announced the completion of the 2010 field program, which comprised infill geochemical soil sampling, prospecting and mapping. The latest results in combination with 2009 soil sampling programs define several elevated and anomalous multi-element copper, lead, zinc and silver geochemical trends.

Bard maintains a constant news flow about its exploration activities, which should help shareholders and potential investors get a clear picture of the company and its prospects. Good

communication is important for exploration stage companies as these tend to be not very transparent to the general public.

### **Molybdenum demand**

Market analysts predict upside potential for molybdenum prices due to several factors such as: potential shortage of molybdenum by 2014; increasing demand for molybdenum as the global economy recovers from the downturn; quotas on molybdenum exports from China and the demand pressure exerted by the Chinese economy. China accounts for one-fifth to one-third of global molybdenum consumption<sup>1</sup> and since its economy is expected to continue growing in coming years, its demand for molybdenum is likely to only strengthen in the future, keeping an upward pressure on prices.

### **Experienced management**

Bard's management team has a combined experience of over 100 years in the mining industry. For example, Mr. Beukman, President, Director and CEO, has over twenty years of experience in the acquisition of assets and joint ventures, having worked for BHP Billiton in South Africa. John B. Malysa has more than 30 years of mining experience in all aspects of surface and underground mine exploration in North and South America, while Jim Miller-Tait has over 20 years of experience in mining exploration, development and production in North America, Bolivia, Mexico and Europe. Other members of the management team also bring valuable experience to the company, both in mining and in fundraising.

### **Rhenium potential**

Bard has reported rhenium mineralization at its Lone Pine property. Rhenium is an extremely rare and a very expensive element, which possesses unique properties that are required in jet engine manufacturing and in similar applications. Rhenium is normally a by-product of molybdenum production, and thus Bard has the potential to produce rhenium along with molybdenum (provided that production of molybdenum commences and that rhenium can be economically produced at the same time).

---

<sup>1</sup> Source: [http://www.steelguru.com/stainless\\_steel\\_news/Western\\_world\\_H1\\_moly\\_concentrates\\_output\\_up\\_by\\_15\\_pct\\_YoY/162147.html](http://www.steelguru.com/stainless_steel_news/Western_world_H1_moly_concentrates_output_up_by_15_pct_YoY/162147.html), <http://www.avantimining.com/i/pdf/2010-Moly-Pamphlet.pdf>

## Investment Risks

### **No revenues registered to date**

Bard is not generating any revenues and is not expected to do so for at least several years. As such, it is operating at a loss and has accumulated equity deficit of approximately \$15 million. Lack of revenues means that the company is not generating any cash from operations and that exploration and operating activities must be supported through the issuance of either stock or debt.

### **Funding required**

As we noted above, Bard has not registered any revenues to date, but needs significant financial resources to continue developing its projects, and should it decide to move to production on the Lone Pine project, it will require tens, if not hundreds, of millions of dollars to commence production. There is no guarantee that the company will succeed in raising the needed funding at acceptable terms.

### **Stock dilution**

Bard has to rely on external funds to finance its operating and exploration activities. Consequently the company is likely to issue more shares to raise additional funds to continue its activities. As of August 24, 2010, Bard had 96.8 million common shares and 25.3 million options and warrants outstanding (currently out of the money) versus 88 million common shares and 12.9 million options outstanding as of August 12, 2009. We expect the dilution to increase as Bard raises funds to advance the Lone Pine project.

### **Concentration on one commodity – molybdenum**

Bard is currently focusing most of its efforts on the Lone Pine project, where molybdenum is the primary commodity, and thus, it is currently exposed to the molybdenum market. Even if the company is not producing any molybdenum at the moment, fluctuations in the molybdenum prices will affect the economics of the Lone Pine project and are also likely to affect the share price of Bard, in turn affecting the company's ability to raise funding. It is worth noting that the molybdenum market correlates with the steel market, which in turn, follows the economic cycle, and thus, molybdenum is exposed to the global economic cycle, although to a smaller degree.

### **Just one advanced project – Lone Pine**

Although the company has two active exploration properties, the Lone Pine project is in a more advanced stage, with a preliminary economic assessment in the making, while the Grouse Mountain project does not have any NI 43-101 compliant resource estimate. This concentration, in addition to the concentration on the property's molybdenum commodity, poses additional risks. Should the Lone Pine project be unable to be moved forward, Bard will be left with a much less advanced Grouse Mountain project. In effect, any risks pertaining to the Lone Pine project are directly applicable to the whole company. Thus the success of the Lone Pine project should translate into success for Bard, and vice versa, failure could have a devastating effect on the company.

## **Production is years away**

Bard is in exploration stage and has no proven or probable reserves. Production, if any, is years away, as the company has yet to complete the economic assessment of the project, determine economically exploitable reserves with high degree of certainty, construct the needed facilities and infrastructure and only then begin production (provided that all stages return positive results). The company will need significant amounts of cash and time to get there and there are no guarantees that it will be successful in doing so.

## **Environmental and regulatory risks**

Mining activities have a significant environmental impact and therefore are strictly regulated by authorities. Environmental permits are required to begin mining operations, to build infrastructure, and after the completion of mining, environmental restoration (mine reclamation) must take place. Environmental risks are high and are directly linked to continuous operation. Should an accident take place, operations may have to be halted and environmental recovery will likely be required from the company. In addition, as environmental awareness increases, respective regulations may undergo changes that may make mining less profitable.

## **Valuation**

Placing a value on a junior mining company is not an easy task. As the company is far from any production (if it ever commences), income-based valuation methods (such as DCF valuation) are largely useless. Comparative valuation seems to be the most appropriate method, but it has its quirks too, largely because no two companies are the same. Differences come from the fact that companies focus on different minerals, have different numbers of projects, located in various regions, their size and geology is not the same and project life cycles can differ significantly too.

To find comparable peers for Bard, we looked for junior mining companies, whose primary focus is on a molybdenum project in British Columbia, and for which the resource (but not the reserve) has been estimated in compliance with the National Instrument 43-101 guidelines (as certified in the reports published by these companies)<sup>2</sup>. It's not surprising that such companies are quite scarce. In fact, we came by four such companies. Their details are presented in the table below.

---

<sup>2</sup> Another criterion was that resource estimates had to be available at the 0.04% cutoff grade.

## Resource of peer companies

	Measured resource, mt	Indicated resource, mt	Contained Mo, mlb	Inferred resource, mt	Total normalized contained Mo, mlb*
Leeward Capital Corp. (LWC)	n/a	55.6	35.6	165.3	83.0
TTM Resources Inc. (TTQ)	159.1	211.6	482.2	256.6	629.5
Columbia Yukon Explorations (CYU)	27.08	77.3	171.7	40.7	203.1
Torch River Resources (TCR)**	n/a	68.9	25.8	45.8	33.7

Note: mt = million tons; mlb = million pounds

\* Inferred resources discounted by 50%.

\*\* Contained Mo adjusted for 25% of TCR's interest in the molybdenum property.

Source: NI 43-101 reports of each company, analyst calculations.

Since inferred resource is estimated with less certainty than measured and indicated categories, we felt that it has to be either discounted or dropped altogether. We chose the discount factor of 50%, which implies that an inferred resource is worth half of a measured and indicated resource of the same size.

Peers' market data and valuation ratios are shown below.

\$ millions	Mkt cap	EV	EV/ Mlb Mo (measured & indicated)	EV/Mlb Mo (Total normalized)
Leeward Capital Corp. (LWC)	3.9	3.9	0.109	0.047
TTM Resources Inc. (TTQ)	15.7	15.5	0.032	0.025
Columbia Yukon Explorations (CYU)	6.7	6.0	0.035	0.030
Torch River Resources (TCR)**	5.5	5.5	0.212	0.163
<b>Median</b>			<b>0.072</b>	<b>0.038</b>

Source: [www.tmx.com](http://www.tmx.com), SEDAR filings, analyst calculations.

Applying the measured and indicated multiple to Bard's resource produces an equity value of \$14.7 million, or 0.152 per share. Using the normalized resource multiple produces \$8.8 million, or \$0.091 per share. The average of the two approaches yields \$0.122 per share, which compares favorably against the current market price of Bard's share of \$0.065. However, we feel that the past two years of exploration, which have seen some favorable results, warrant a premium on the relative valuation. We believe that an additional 25% is justified, especially in the light of the upcoming preliminary economic assessment and promising rhenium assays. Thus, our final valuation is \$0.152 per share.

## Company profile

Bard Ventures Ltd. is a junior mining company, whose primary focus is on the Lone Pine molybdenum project in British Columbia, Canada. The company is publicly listed on the TSX Venture Exchange under the symbol "CBS".

## Projects

### Lone Pine Project<sup>3</sup>

Lone Pine is Bard's primary project. It is relatively advanced and is currently receiving most attention from the company. In late October 2010, Bard announced the commencing of an independent Preliminary Economic Assessment (PEA) of the property (an NI 43-101 report). Bard has engaged P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario to prepare the assessment. The study is expected to be completed in the first quarter of 2011 and will determine a preliminary open pit mine design and estimate capital and operating costs. The PEA will also include a financial analysis based on reasonable assumptions about each of the foregoing factors and other technical and economic factors. This PEA will be the first disclosure of potential project economics for the Lone Pine Property.

### Location and infrastructure

The Lone Pine project is located approximately 15 km to the north-northwest of the town of Houston, British Columbia, and approximately 700 km north of the city of Vancouver, British Columbia. The property covers a gross area of 3,154.4 hectares.

The property has excellent access to infrastructure: Highway 16 crosses the west and south-western portion of the property and connects it to the Prince Rupert port and the city of Prince George; there is an underground gas pipeline crossing the property; power transmission lines, as well as a hydro power substation. There are also gravel roads on the property.

CN Railways main line passes through Houston from Prince George to the Pacific ports of Kitimat, Prince Rupert and Ridley Island; and there is an airport in Houston serving small and medium sized aircraft, which has been upgraded to accept jet aircraft.

The climate is characterized by short cool summers and long, relatively mild winters. Annual temperature variation in the region is approximately -15 to +22°C. Snow pack during the winter months can range from 1-4 meters. While drilling operations can be conducted year round on the property, the ground is typically snow free by late May.

### Ownership

<sup>3</sup> Most information about the Lone Pine property is from the NI 43-101 report available on Bard's website and SEDAR database.



Source: NI 43-101 report dated 01/12/2009

The property is held by Daniel and William Merkley (the “Optionors”), 50% interest each. Bard acquired the right to earn a 100% interest in the property subject to a 2.5% Net Smelter Return Royalty, from the Optionors under the terms of an Option Agreement dated August 24, 2006. Bard may earn the 100% interest by carrying out exploration expenditures of \$75,000, issuing 545,000 shares of Bard and making advance royalty payments of \$65,000 on or before July 1, 2012.

### **Development**

The property has had a long history of exploration, mentioned for the first time as early as 1914.

#### ***Recent drilling by Bard***

Bard has carried out an extensive drilling program on the Lone Pine property, and continues work to maximize its potential:

- January-February 2007: a seven hole diamond drill program totaling 2,836.4 m.
- December 2007: second program completed in order to infill the drill pattern and explore for larger mineralized zones totaling 4,715.31 m.
- May 2008: third program completed, focusing on extending the area of good results from previously drilled holes. A total of 6,781.66 m was drilled.
- July-October 2008: fourth phase in order to explore the boundaries of the mineralized zone and to infill the drill pattern on a basis of 50 m spacing to the North-East, and 100 m spacing to the North-West. 8,957.29 m were drilled.

By the time the NI 43-101 report was published in January 2009, a total of 41 drill holes (21,557.36m) had been completed in the Alaskite Zone (the zone where mineralization occurs on the property). Bard has made additional progress since then, and these new results should be reflected in the upcoming NI 43-101 preliminary economic assessment announced by Bard in late October.

The 2009 geological mapping and soil sampling identified the location of favorable geological units hosting visible molybdenum mineralization. During the field program all of the historical showings were re-located. The first 6 drill holes (BD-09-49 to BD-09-54) were designed to test the eastern portion of anomalous molybdenum soil geochemistry. This area is approximately 1,000m east of the known resource. Assay results confirm both disseminated and vein hosted molybdenum mineralization with results reporting up to 8.2m of 0.030% Mo in BD-09-54 and 0.022% Mo over 9.6m in BD-09-53. Higher grade molybdenum mineralization was also intersected over some intervals.

Bard considers the initial results from this first phase of drilling to be very encouraging as it demonstrates the potential for locating molybdenum mineralization, including within the surrounding area, which to date has not been considered as an exploration target receiving very limited historical exploration activity.

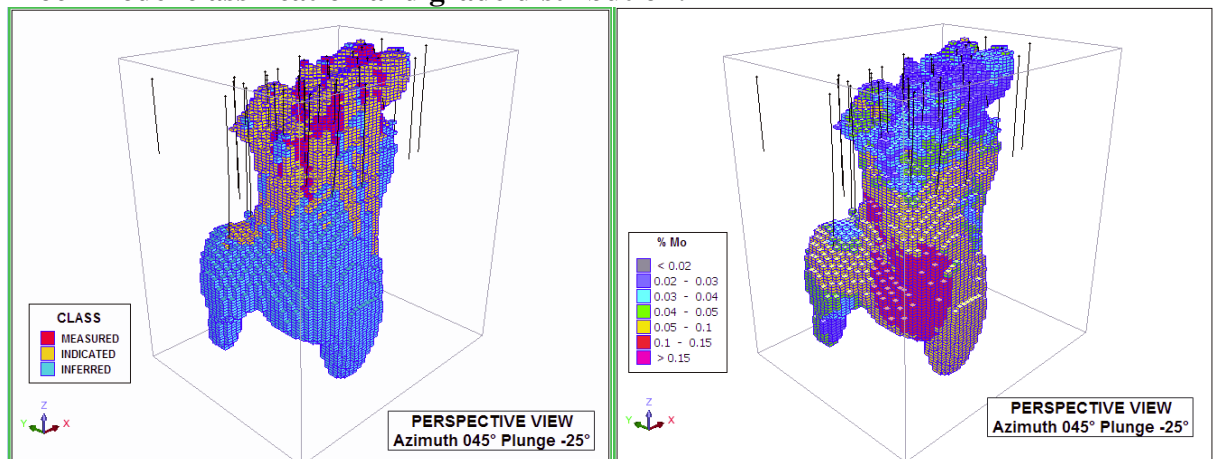
The 2010 winter drill program, which ran from February to April 2010, was designed to evaluate molybdenum soil anomalies and consisted of nine drill holes from four drill sites totaling 3,427.13m. Significant drill hole assay results have been received from drill hole BD-10-61 in a

new area of molybdenum mineralization located approximately 500m to the northeast of the known Alaskite Zone Resource. This drill hole drilled due north to a final depth of 431.9m at -45°, intersected several intervals of significant molybdenum mineralization averaging 0.04% Mo over drilled widths up to 58.1m, with higher grade intersections averaging 0.07% Mo over drilled widths of 12.6m. Scattered intervals of elevated and anomalous copper, lead, zinc and silver mineralization is associated with zones of molybdenum enrichment with results up to 0.71% copper, 1.0% lead, 3.35% zinc and 451gmt silver over 0.7m drill width. Elevated and anomalous molybdenum results were intersected in drill holes BD-10-58 and BD-10-59 located 530m and 380m to the east of BD-10-61. According to Bard, these results highlight the potential of this newly discovered area of molybdenum mineralization intersected in BD-10-61. Geophysical IP survey data suggests this zone may extend a further 500m to the northwest of BD-10-61 to 2007 drill hole BD-07-03. Drill hole BD-07-03 intersected several intervals of molybdenum mineralization including 110m averaging 0.03% Mo from 40.0 to 150.0m. Deeper mineralized intervals were also intersected including 14.42m averaging 0.14% Mo (305.58-320.0m), 6.0m averaging 0.13% Mo (372.0-378.0m) and 12.4m averaging 0.04% Mo (412.0-424.0m).

**Mineral resource**

The January 2009 NI 43-101 report estimated the mineral resource of the Lone Pine Project based on the data available at that time. At the 0.04% Mo cutoff grade, the measured and indicated resource is 110 million tons of ore, or almost 202 million pounds of Molybdenum. The deposit forms a spheroidal shape dipping steeply to the southwest and measuring approximately 750 x 500m in horizontal cross section and extending at least 800m vertically. The deposit remains open at depth. The 3D block model of the deposit detailing resource classification and grade distribution is shown below.

**Block model classification and grade distribution:**



Source: NI 43-101 report dated January 12, 2009

The following table presents the mineral resource estimate for the Lone Pine deposit at a range of cut-off grades. The base case at a 0.04% Mo cut-off is displayed in boldface.

**Lone Pine measured and indicated mineral resource summary:**

MEASURED				INDICATED		
Cut-off % Mo	Tonnes ≥ Cutoff (000's)	Mo%	in-situ lbs Mo (000's)	Tonnes ≥ Cutoff (000's)	Mo%	in-situ lbs Mo (000's)
0.02	43,767	0.078	75,262	107,769	0.066	156,809
0.03	40,450	0.082	73,125	99,967	0.069	152,069
<b>0.04</b>	<b>33,356</b>	<b>0.092</b>	<b>67,654</b>	<b>76,984</b>	<b>0.079</b>	<b>134,079</b>
0.05	26,676	0.104	61,163	58,193	0.090	115,464
0.06	22,486	0.113	56,018	43,968	0.102	98,871
0.07	19,625	0.120	51,919	35,077	0.111	85,839
0.08	17,699	0.125	48,775	29,884	0.117	77,084
0.09	15,853	0.130	45,435	25,703	0.123	69,698
0.10	13,922	0.135	41,435	21,053	0.129	59,875
MEASURED+INDICATED				INFERRED		
Cut-off % Mo	Tonnes ≥ Cutoff (000's)	Mo%	in-situ lbs Mo (000's)	Tonnes ≥ Cutoff (000's)	Mo%	in-situ lbs Mo (000's)
0.02	151,536	0.069	232,071	27,827	0.084	51,532
0.03	140,417	0.073	225,193	27,555	0.085	51,636
<b>0.04</b>	<b>110,340</b>	<b>0.083</b>	<b>201,733</b>	<b>25,840</b>	<b>0.088</b>	<b>50,131</b>
0.05	84,869	0.094	176,628	22,839	0.094	47,331
0.06	66,454	0.106	154,890	18,295	0.104	41,947
0.07	54,702	0.114	137,758	15,238	0.111	37,290
0.08	47,583	0.120	125,858	13,092	0.117	33,769
0.09	41,556	0.126	115,132	11,800	0.121	31,477
0.10	34,975	0.131	101,310	10,186	0.125	28,070

Source: NI 43-101 report dated January 12, 2009

We expect the new NI 43-101 report (the PEA study mentioned above) to increase the resource shown above, in addition to providing an overview of the potential economics of the project.

**Rhenium**

Bard has released rhenium assay results from the Lone Pine property. The company notes that rhenium is recovered as an economic by-product at some molybdenum porphyry mines and thus Bard may have the possibility to produce it, if molybdenum production commences, adding to the project's potential. The most significant assay intervals for drill holes BD-08-25 and BD-08-35 are shown below:

Drill Hole No.	Total Depth (m)	From (m)	To (m)	Interval (m)	Mo%	MoS2%	Re g/t
<b>BD-08-25</b>	798.82	67.92	798.82	730.90	0.10	0.17	0.15
<b>BD-08-35</b>	779.03	25.29	779.03	753.74	0.10	0.17	0.14
	including	193.00	779.03	586.03	0.12	0.20	0.17
	including	327.00	725.00	398.00	0.15	0.25	0.20
	including	509.00	609.00	100.00	0.20	0.33	0.29
	including	509.00	535.00	26.00	0.31	0.51	0.40

Source: Bard.

### **Grouse Mountain Project**

Bard has an option agreement to acquire a 100% interest in the Grouse Mountain property consisting of seven mineral claims in the Omineca Mining Division in B.C., subject to a 2.0% NSR. The Grouse Mountain Property is approximately 15 kilometers north of Houston, BC, and adjoins the Lone Pine Property. Thus, it enjoys virtually the same access to infrastructure and is subject to the same climate.

Bard has recently announced the completion of the 2010 field program on the Grouse Mountain Property, which consisted of an infill geochemical soil sampling program, prospecting and mapping along Cu-Zn-Ag geochemical trends identified during the 2009 field program. The attitude of the anomalies closely parallel the orientation of historical mineralized zones identified immediately to the north of the 2009 soil grid central to the Copper Mine Lake area.

The 2010 field program re-established the northern half of the 2009 soil sampling grid, over which prospecting, mapping and infill soil sampling was completed. Soil samples were collected at 25m intervals with sample lines established at 100m separation. A total of 402 samples were collected and submitted for analysis to Acme Analytical Laboratories in Vancouver.

The results of the combined 2009/2010 soil sampling programs clearly define several elevated and anomalous multi-element copper, lead, zinc and silver geochemical trends associated with the projected southwesterly extension of the Rainstorm, Creek, Copper Crown and Ruby mineralized zones. Several new anomalous geochemical trends were also identified to the north of the Rainstorm Zone, these zones are open to extension to the North. Prospecting and mapping across the sampling grid has located historical trench, adit and drill hole sites. A trench grab sample located along the projected trace of the Copper Crown mineralized trend returned 1.0% Cu, 17.75% Zn and 110.5gm Ag.

### **Management**

*Eugene Beukman – President, Director and C.E.O.*

Eugene Beukman is employed as the President of the Pender Group of Companies, since January 1994. He graduated from the Rand University of Johannesburg, South Africa with a Bachelor of Law degree and a Bachelor of Law Honors Postgraduate degree in 1987. Mr. Beukman was previously employed as a legal advisor to the predecessor of BHP Billiton. He has over twenty years of experience in the acquisition of assets and joint ventures.

*John B. Malysa – Director*

John B. Malysa has more than 30 years of progressive mining experience in all aspects of both surface and underground mine exploration, design, feasibility, construction, operations and management. Mr. Malysa was involved in underground and surface mining experience in both North and South America in union and non-union operations. He has management, design and construction experience in various precious and base metals with new mines costing +US\$250 million. Mr. Malysa's mineral process experience includes Crushing and Screening, CIL, CIP, Heap Leach, Gravity and Flotation recovery methods. He has a proven track record with several positions as President and/or General Manager of entrepreneurial mining companies with P&L

responsibility and reporting to the Board of Directors. Mr. Malysa is a Registered Professional Engineer in Colorado with a B.Sc. in Mining Engineering from Penn State University, and an MBA from the University of Colorado.

### *Jim Miller-Tait – Director*

Jim Miller-Tait graduated from the University of British Columbia in 1986 with a BSc Geology, acquired his P. Geo. in 1992, and has over 20 years of continuous exploration, development and production experience. Mr. Miller-Tait served as President of Sikanni Mine Development Ltd., his own Geological Consulting Company, as Consulting Geologist since May of 1996; Project Manager (previously Chief Geologist), Oniva International Services Ltd., September 1987 to May 1996, and worked extensively in all areas of North America, Bolivia, Mexico and Europe. Mr. Miller-Tait has experience in grassroots exploration programs up to full production in open pit and underground operations. His experience covers gold, base metals and diamonds and includes a multitude of geological settings including vein, skarn, volcanogenic massive sulphide, carbonate-hosted, Sedex, kimberlite and porphyries.

### *Emmet McGrath – Director*

Emmet McGrath serves as director for Beatrix Ventures Inc. and Burnstone Ventures Inc., companies listed on the Canadian National Stock Exchange. He graduated from the University of Calgary in 1971 with a Bachelor of Commerce Degree and is a Chartered Accountant. In the period between 1981 and 2002, Mr. McGrath served as a partner at KPMG for Greater Vancouver.

### *Robert Pryde – Director*

Robert Pryde is Vice President of Exploration for Unbridled Energy Corp., an independent natural gas evaluation and production company listed on the TSX Venture Exchange. From 2004 to mid-July 2006 he served at EnCana Corporation as Geological Advisor of their Unconventional Natural Gas Group. In the period between 2001 and 2004, Robert was employed as Exploration Manager by Tom Brown Resources. Prior to this, he was Group Leader/Senior Exploration Geologist at the former Alberta Energy Company. Mr. Pryde also held positions as Senior Exploration Geologist for Norcen Energy Ltd. and Gulf Canada Resources Ltd. He obtained a Bachelor of Science in Geology in 1982 from the University of Calgary, and is a member of CPSG, AAPG, APEGGA and GSA.

### *Rick Kemp, P. Geo. – Vice President, Exploration*

Mr. Kemp is a Qualified Person and is responsible for the technical design of the exploration programs. He has over 25 years in mineral exploration in Canada and internationally, where he has accumulated extensive technical experience in both gold and base metal exploration. Mr. Kemp is the President of North Star Geological Services Inc.

## Financial Overview

Bard's financial statements picture a typical situation for a junior mining company: no revenues, little cash and operations financed mainly through share issuance.

## Income statement

Bard's income statement consists of operating and non-operating expenses, such as stock-based compensation, audit and accounting, consulting services fees, and office and administration services. Stock-based compensation is the largest expense item, averaging about 40% of total expenses since FY05<sup>4</sup>. Stock-based compensation peaked in FY08 at \$768 thousand<sup>5</sup>, when the company engaged in extensive development activities, and decreased by 48% to \$402 thousand in FY09. During 9mo-FY10, stock-based compensation continued declining, this time by 22% year-over-year, and amounted to \$293 thousand, although the company reported a higher general level of development activity. Another significant expense item is consulting services fees, which have averaged about one-fifth of total operating expenses since FY05. Consulting services and geological fees increased by 8% to \$153 thousand during FY09 and by 31% to \$144 thousand during 9mo-FY10, although a year-over-year decline took place during Q3-FY10 by more than one-quarter to \$33 thousand. The hike in advertising and promotion costs in FY08 is due to the fact that the company initiated investor relations and advertising programs during this period to assist with its corporate development.

Total operating expenses peaked in FY08, when the company engaged in higher level of development activities, which allowed the preparation of the NI 43-101 report in January 2009. During FY09, total operating expenses decreased by 32% and amounted to \$910 thousand. Total expenses also decreased by 9% year-over-year to \$198 thousand in Q3-FY10, after two quarters of year-over-year increases.

## Selected income statement indicators:

\$'000	FY05	FY06	FY07	FY08	FY09	Q1- FY09	Q2- FY09	Q3- FY09	Q4- FY09	Q1- FY10	Q2- FY10	Q3- FY10
Advertising and promotion	-	-	42	143	94	30	32	23	9	8	24	14
Audit and accounting	48	50	47	65	80	25	11	11	32	11	38	16
Consulting services fees	63	95	83	141	153	35	31	45	44	78	34	33
Stock-based compensation	175	17	240	768	402	139	136	101	25	123	87	83
Management fees	8	-	7	43	45	11	11	11	11	11	11	11
Office and admin services	27	26	46	95	94	24	27	19	22	28	22	24
Other operating expenses	29	61	135	78	42	15	13	6	7	67	68	17
<b>Total operating expenses</b>	<b>349</b>	<b>250</b>	<b>600</b>	<b>1,333</b>	<b>910</b>	<b>280</b>	<b>262</b>	<b>217</b>	<b>151</b>	<b>326</b>	<b>283</b>	<b>198</b>
<i>Year-over-year change</i>	<i>-45%</i>	<i>-28%</i>	<i>140%</i>	<i>122%</i>	<i>-32%</i>	<i>5%</i>	<i>-42%</i>	<i>-38%</i>	<i>-42%</i>	<i>16%</i>	<i>8%</i>	<i>-9%</i>
Operating loss	-349	-250	-600	-1,333	-910	-280	-262	-217	-151	-326	-283	-198
Total non-operating expenses	33	-535	-453	-360	31	8	2	2	19	20	0	0
Future income tax recovery	-185	-81	-393	-592	0	0	0	0	0	0	0	0
<b>Net loss</b>	<b>-131</b>	<b>-703</b>	<b>-660</b>	<b>-1,101</b>	<b>-879</b>	<b>-271</b>	<b>-260</b>	<b>-215</b>	<b>-132</b>	<b>-306</b>	<b>-283</b>	<b>-198</b>
Diluted EPS	-0.01	-0.02	-0.01	-0.01	-0.01	0.00	0.00	0.00	-0.01	0.00	0.00	0.00

Source: SEDAR filings.

Since FY06, non-operating expenses were dominated by write-downs of impaired property interests. No such expenses were registered in FY09 and 9mo-FY10. The company's income statement also features future income tax recovery which was nil during 2009 and 9mo-FY10.

<sup>4</sup> Fiscal year ends on September 30.

<sup>5</sup> All amounts in Canadian dollars, unless specified otherwise.

## Balance sheet

The company's balance sheet is dominated by property interests, which accounted for 93% of total assets at nearly \$6 million as of June 30, 2010. Cash and cash equivalents accounted for 3% of total assets at the end of Q3-FY10, totaling \$181 thousand. Accounts receivable decreased by three-quarters and amounted to \$212 thousand by the end of Q3-FY10, principally due to \$757 thousand received during Q1-FY10 from the Government of Canada for the company's mining exploration tax credit claim.

### Selected balance sheet items:

\$'000	30-Sep-09	30-Jun-10
Cash and cash equivalents	143	181
Accounts receivable	862	212
Other current assets	12	26
Total current assets	1,016	419
Property, plant and equipment	26	21
Resource property interests	5,351	5,996
Other non-current assets	8	8
<b>Total assets</b>	<b>6,401</b>	<b>6,444</b>
Accounts payable and accrued liabilities	40	34
Share capital	18,980	19,489
Contributed surplus	1,666	1,993
Deficit	-14,285	-15,072
Equity	6,360	6,410
<b>Total liabilities and equity</b>	<b>6,401</b>	<b>6,444</b>
Net working capital	976	384

Source: SEDAR filings.

Subsequent to the end of Q3-FY10, Bard announced that it had arranged a private placement to obtain up to \$450 thousand through the sale of 3.2 million flow-through units at a price of \$0.075 per unit and up to 3.5 million non-flow-through (NFT) units at \$0.060 per unit. The first tranche consisting of all the non-flow-through units was completed by the end of August 2010, raising \$210,000. Each NFT Unit is comprised of one non-flow-through common share and one common share purchase warrant.

## Resource property interests

Bard capitalizes its exploration costs and currently has interests in two properties: Lone Pine and Grouse Mountain. Lone Pine is of primary interest for the company, accounting for 97% of total property interest balance at the end of Q3-FY10. Exploration costs increased significantly during FY08 and amounted to almost \$4 million, due to active exploration activities in the Lone Pine project, which accounted for \$3.7 million of exploration expenditures. In FY09, exploration costs decreased by more than ten times, but grew again in 9mo-FY10, with most of the exploration costs incurred during H1-FY10 on the Lone Pine project.

## Property interests balance and net changes:

\$'000	FY06	FY07	FY08	FY09	Q1- FY09	Q2- FY09	Q3- FY09	Q4- FY09	Q1- FY10	Q2- FY10	Q3- FY10
<b>Balance at the end of period</b>											
Lone Pine	18	956	4,703	4,964	4,884	4,933	4,990	4,964	5,361	5,704	5,803
Grouse Mountain	0	99	137	180	116	116	140	180	190	190	191
Other Properties	724	456	203	206	185	191	206	206	210	3	3
<b>Total ending balance</b>	<b>742</b>	<b>1,512</b>	<b>5,043</b>	<b>5,351</b>	<b>5,185</b>	<b>5,240</b>	<b>5,336</b>	<b>5,351</b>	<b>5,761</b>	<b>5,897</b>	<b>5,996</b>
<i>Year-over-year change</i>	<i>n/m</i>	<i>104%</i>	<i>234%</i>	<i>6%</i>	<i>108%</i>	<i>36%</i>	<i>10%</i>	<i>6%</i>	<i>11%</i>	<i>13%</i>	<i>12%</i>
<b>Resource property interests net change</b>											
Lone Pine	18	938	3,747	261	181	49	57	-26	397	343	99
Grouse Mountain	0	99	37	43	-21	1	23	40	10	0	1
Other Properties	724	-268	-253	3	-18	6	16	0	4	-207	0
<b>Total Change</b>	<b>742</b>	<b>769</b>	<b>3,532</b>	<b>307</b>	<b>142</b>	<b>55</b>	<b>96</b>	<b>14</b>	<b>410</b>	<b>136</b>	<b>100</b>
<i>Year-over-year change</i>	<i>n/m</i>	<i>4%</i>	<i>359%</i>	<i>-91%</i>	<i>-106%</i>	<i>-96%</i>	<i>-90%</i>	<i>-92%</i>	<i>190%</i>	<i>145%</i>	<i>4%</i>

Source: SEDAR filings, analyst calculations.

## Cash flows

As is typical with junior mining companies, Bard is not generating any revenues, and thus exploration and other expenses are mainly financed from share issuances. During FY08, investing activities registered net cash inflows due to proceeds from term deposits, which were made in FY07. These proceeds offset the exploration expenditures of \$4.1 million. Disregarding the term deposit movements, the highest cash burn rate was registered during FY08, when the company used \$394 thousand a month due to extensive property development activity. During 9mo-FY10, the highest use of cash occurred during Q2 and Q3-FY10 and amounted to nearly \$165 thousand per month. This represents an acceleration in cash burn rate compared to FY09, suggesting that the company is stepping up development.

## Key cash flow indicators:

\$'000	FY05	FY06	FY07	FY08	FY09	Q1- FY09	Q2- FY09	Q3- FY09	Q4- FY09	Q1- FY10	Q2- FY10	Q3- FY10
CFO	-48	-345	-240	-511	-393	-87	-101	-107	-98	-176	-235	-97
CFI	-908	-619	-5,547	642	-1,022	-834	-68	-30	-90	477	-260	-401
CFE	556	1,106	6,259	810	0	0	0	0	0	993	-263	0
Net cash flow	-399	142	472	941	-1,415	-921	-169	-137	-188	1,294	-758	-497
Monthly cash burn rate*	80	32	132	394	118	307	56	46	63	100	165	166

\* Cash burn includes CFO and CFI. CFI used for burn rate calculation excludes term deposit movements in FY06, FY07 and FY08 of -\$0.6 million, -\$4.2 million and \$4.9 million, respectively.

Source: Company reports, analyst calculations.

## Stock dilution

Yet another common feature for junior mining companies – stock dilution. Bard has issued a large number of stock options and warrants in addition to 96.8 million common shares outstanding as of August 24, 2010. At the end of Q3-FY10 there were 16.7 million options outstanding with average exercise price of \$0.18, and 8.6 million warrants outstanding with average exercise price of \$0.10. With the current stock price of \$0.07, most of these securities are out of the money. As mentioned above, the company has announced the issuance of additional 3.2 million flow-through units and up to 3.5 million non-flow-through units. Each flow-through unit consists of one flow-through common share and one-half share purchase

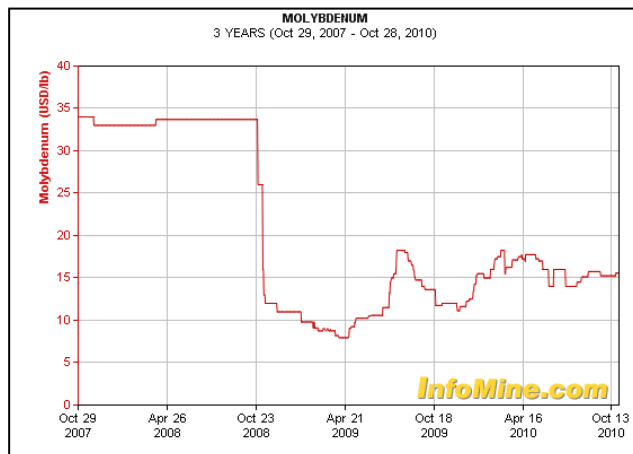
warrant and each non-flow-through unit consists of one common share and one share purchase warrant.

## Molybdenum Market Overview

Molybdenum is a principal component in high-strength steel alloys as it enhances strength, hardenability, wear and corrosion resistance. According to International Molybdenum Association,<sup>6</sup> half of all mined molybdenum is used in production of grade alloy steels and irons; one quarter is used in production of stainless steel; chemicals use 14%; superalloys – 5% and molybdenum metals account for the remaining 6%. Molybdenum can also be used as a replacement for silicon in semiconductors manufacturing<sup>7</sup>.

High molybdenum use in various steel products makes molybdenum market highly correlated with the steel market. Molybdenum prices spiked in 2004-2005 due to the growth of the global economy and increased steel use. Molybdenum prices fell from as high as \$34/lb<sup>8</sup> to \$8/lb between August 2008 and March 2009, responding to the global economic downturn. Since April 2009, molybdenum prices have been somewhat volatile, reaching several highs in July 2009 and February 2010 due to global molybdenum supply reductions and Chinese consumption increase. In H2-2010, molybdenum prices stabilized at \$15-\$16/lb.

### Molybdenum price evolution: 15 years and 3 years



Source: <http://www.infomine.com/commodities/molybdenum.asp>

### Supply

During 2009, China accounted for nearly 39%<sup>9</sup> of world's molybdenum mine production, followed by the USA with 25% and Chile with 16%. Molybdenum production in Canada accounted for 3.6% of world mine production during 2009. China became a net molybdenum

<sup>6</sup> Source: [http://www.imoa.info/moly\\_uses/molybdenum\\_uses.html](http://www.imoa.info/moly_uses/molybdenum_uses.html)

<sup>7</sup> Source: <http://www.thestreet.com/story/10859304/2/moly-market-to-benefit-from-increased-copper-mining-in-peru.html>

<sup>8</sup> Prices of molybdenum in USD.

<sup>9</sup> Source: <http://minerals.usgs.gov/minerals/pubs/commodity/molybdenum/>

exporter during Q2-10, after being a net molybdenum importer during 2009<sup>10</sup>. Total mine production during 2009 decreased by 8.2% to 200,000 metric tons after two years of growth (11% and 6% during 2007 and 2008, respectively). The decrease in molybdenum supply during 2009 occurred as a result of demand decrease from end-users amid challenging economic environment. The decrease in molybdenum prices during 2008 and 2009 postponed investment into new molybdenum extraction projects, which could lead to a deficit by 2014, according to some estimates<sup>11</sup>.

Since China is the biggest player on the supply side, it has a significant impact on the molybdenum market. In addition, China is expected to limit its exports of molybdenum as it considers this metal a strategic resource<sup>12</sup>. China has set 2011 export quota at 25,500 tons, unchanged from this year<sup>13</sup>, which is likely to lead to molybdenum shortage and price increase as global demand expands.

## Demand

Global molybdenum demand is estimated to have decreased by 9% during 2009<sup>14</sup> as steel production also declined by 8%<sup>15</sup> during 2009, influenced by the global economic recession. However, molybdenum consumption in China increased by nearly 5% during 2009<sup>16</sup>, driven by the government's economic stimulus plan. China is a key consumer of molybdenum<sup>17</sup>, and in 2009 it accounted for one-fifth to one-third of global molybdenum consumption, according to various estimates<sup>18</sup>. Roskill Information Services<sup>19</sup> predicts consumption in China to increase by an average of 9% per year during the next five years, while Europe, the US and Japan are forecast to experience growth of 2% per year. Expected growth in steel demand in China<sup>20</sup> is likely to increase its molybdenum demand, leading to another potential source of upward price pressure.

Molybdenum use is also forecast to increase due to measures taken to reduce carbon dioxide emissions from coal fired power stations as plants will be required to work at higher temperatures that will need stainless steel, where molybdenum is a key component<sup>21</sup>.

<sup>10</sup> Source: <http://molyinvestingnews.com/2970-growth-in-the-molybdenum-market.html>

<sup>11</sup> Source: <http://www.prnewswire.com/news-releases/china-to-continue-driving-molybdenum-demand-82778377.html>

<sup>12</sup> Source: [http://www.canadianbusiness.com/markets/headline\\_news/article.jsp?content=b4971789](http://www.canadianbusiness.com/markets/headline_news/article.jsp?content=b4971789).

<sup>13</sup> Source: <http://noir.bloomberg.com/apps/news?pid=newsarchive&sid=aST11oTnqZz8>.

<sup>14</sup> Source: <http://www.prnewswire.com/news-releases/china-to-continue-driving-molybdenum-demand-82778377.html>

<sup>15</sup> Source: [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_steel\\_production](http://en.wikipedia.org/wiki/List_of_countries_by_steel_production)

<sup>16</sup> Source: <http://www.prnewswire.com/news-releases/china-to-continue-driving-molybdenum-demand-82778377.html>

<sup>17</sup> Source: [http://www.mmta.co.uk/uploaded\\_files/Molybdenum.%20Roskill.pdf](http://www.mmta.co.uk/uploaded_files/Molybdenum.%20Roskill.pdf)

<sup>18</sup> Source:

[http://www.steelguru.com/stainless\\_steel\\_news/Western\\_world\\_HI\\_moly\\_concentrates\\_output\\_up\\_by\\_15pct\\_YoY/162147.html](http://www.steelguru.com/stainless_steel_news/Western_world_HI_moly_concentrates_output_up_by_15pct_YoY/162147.html), <http://www.avantimining.com/i/pdf/2010-Moly-Pamphlet.pdf>

<sup>19</sup> Source: <http://www.prnewswire.com/news-releases/china-to-continue-driving-molybdenum-demand-82778377.html>

<sup>20</sup> Source: <http://www.marketwatch.com/story/steel-iron-ore-still-depend-on-china-analysts-2010-09-30>

<sup>21</sup> Source: <http://agmetalminer.com/2010/10/04/molybdenum-volatile-but-looking-firmer-going-forward/>

## Price forecast

Generally, molybdenum prices are forecast to increase in line with the demand rebound during 2010 and 2011, as the global economy recovers. Price increases also are expected to be supported by supply constraints resulted after 2009 production decrease due to the postponement of new molybdenum extraction projects. Some analysts believe that pricing speculation may add to volatile molybdenum prices, since it started trading on the London Metal Exchange in January 2010<sup>22</sup>. RBC CM forecast prices to increase to \$30/lb during 2011, then to decline to \$20/lb in 2012 and to \$13/lb during 2013<sup>23</sup>. On the other hand, Roskill expects that a possible deficit by 2014 could lead to the price of molybdenum rising as high as \$40/lb<sup>24</sup>.

Thus, the views are mixed, but in our opinion, increasing importance of China, the recovery of global economy, and increasing use of molybdenum in electronics should help maintain an upward pressure on molybdenum prices.

## Rhenium

According to Wikipedia<sup>25</sup>, Rhenium is added to high-temperature superalloys that are used to make jet engine parts, accounting for 70% of the worldwide rhenium production. Another major application is in platinum-rhenium catalysts, which are primarily used in making lead-free, high-octane gasoline. Wikipedia also notes that due to the low availability relative to demand, rhenium is among the most expensive industrial metals.

According to Roskill<sup>26</sup>, the price of rhenium was \$4,500-5,000/kg in June 2010, a significant decline from the historical high of \$12,000/kg at the end of 2008. Roskill further expects the rhenium market to recover in line with the recovery of the global economy, expecting 5% annual growth by 2015, with average price of around US\$6,500-7,500/kg.

---

<sup>22</sup> Source: <http://www.prnewswire.com/news-releases/china-to-continue-driving-molybdenum-demand-82778377.html>

<sup>23</sup> Source: <http://www.tsxcommentary.com/2010/base-metals/molybdenum-market-outlook-%E2%80%93-first-quarter-2010/>

<sup>24</sup> Source: <http://www.prnewswire.com/news-releases/china-to-continue-driving-molybdenum-demand-82778377.html>

<sup>25</sup> Source: <http://en.wikipedia.org/wiki/Rhenium#Applications>.

<sup>26</sup> Source: <http://www.prnewswire.com/news-releases/rhenium-market-reliant-on-aerospace-for-recovery-99473699.html>.

Price Chart: CBS.V, one year



Source: <http://bigcharts.marketwatch.com/>.

S.W.O.T ANALYSIS SUMMARY

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Preliminary economic assessment commenced</li> <li>• Measured and indicated resource estimated</li> <li>• Additional drilling with promising results</li> <li>• Experienced management</li> <li>• Constant news flow</li> <li>• Lone Pine property has good access to infrastructure</li> </ul>	<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Molybdenum prices should increase in the long term</li> <li>• Grouse Mountain project looks promising</li> <li>• Additional drilling results may expand the resource of the Lone Pine project</li> </ul>
<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Little cash</li> <li>• No revenues</li> <li>• No reserve estimates</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• No guarantee of success; production (if any) is years away</li> <li>• Reliance on one project (Lone Pine) and one commodity (molybdenum) – Grouse Mountain is much less advanced</li> <li>• Commodity prices are volatile</li> <li>• Molybdenum is correlated with steel which is highly cyclical</li> <li>• Regulatory and environmental risks</li> <li>• Stock dilution</li> <li>• Funding may be difficult to raise</li> </ul>

### **Disclaimer**

The opinions expressed in this research report are analyst's personal views about the company. Opinions and recommendations contained in this report are submitted solely for information purposes and are not intended as an offering or a solicitation to buy or sell the securities mentioned above. Neither the analyst nor Prime Equity Research owns any equity or debt securities in the analyzed company. The analyst is paid in advance to ensure independent and objective opinions are rendered without conflict. Bard Ventures paid Prime Equity Research, LLC \$6,350 for independent initiation report.