

AfriTin Mining Ltd

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AfriTin planning for annual revenues of US\$60mln from Namibian mine

One of the key intellectual drivers behind the ongoing development of Bushveld Minerals (LON:BMN) and its new spin-out company AfriTin Mining (LON:ATM) is the idea that the Supercycle is not over.

Mining sector investors in particular will know that the idea of the Supercycle was what drove the last mining boom, and what made valuations soar to such unusually stellar heights. Even at the time, its proponents argued that its effects would be long-lasting.

WATCH: AfriTin PLC has its eyes on becoming the African tin champion "The industrialisation of China and India is now moving into a new realm," says Anthony Viljoen, chief executive of AfriTin, "that of the consumer."

It's a compelling thought. After all, it's one thing mobilising the economies of China and India for manufacturing and technology, but it's quite another when the net result is a potential new consumer base of two billion people and counting.

It will take many a decade to bring all of them up to the consumption levels of the middle classe, but at some point significant portions of those billions are going to be wanting metals for housing and cars, and in particular for consumer electronics.

Bushveld has been doing a nice line in specialty metals for a few years now, to the point where its market capitalisation has now pushed past £75mln. All told, it has had a lot going on, particularly in the vanadium space, and so the time had come for some of the more independent of its operations to stand on their own two feet.

READ: Bushveld Minerals and Bushveld shareholders to own roughly 41.9% of AfriTin Mining when it lists

Accordingly AfriTin listed on the AIM market of the London stock exchange on 9th November following a placing and subscription that raised £3.5mln in new money, with a further £1mln raised from loan notes that convert on admission.

The key asset is the Uis tin project in north-west Namibia, a formerly producing mine that was shut-down more than 20 years ago when tin price hit a nadir and Namibia was still coming to terms with its new-found independence.

Historical resource estimate

According to a historic resource estimate prepared by SRK, Uis contains over 70 mln tonnes of ore containing 95,000 tonnes of tin.

The mine plan worked out by SRK says that that's enough to allow for production through to 2063, although initially AfriTin will work to much more modest goals.

Price: 2.2p

Market Cap: £6.54M

1 Year Share Price Graph



Share Information

Code: ATM

Listing: AIM

52 week High Low
4p 2p

Sector: General Mining

Website: afritinmining.com

Company Synopsis:

AfriTin was formed to take advantage of the current tin deficit, to become the first AIM quoted conflict-free tin mining company and to be an African tin champion.

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"We need to bring those old numbers into modern JORC-reporting compliance," says Viljoen.

"We will start up with a steady state 65 tonnes per month," he says. "But we want to scale up to 5,000 tonnes per year on three million tonnes run of mine. That would be a little over one per cent of world production. All of our areas are fully licensed so we can start mining straight away."

It ought not to cost too much to get going, as the ore is coarse-grained, there'll be no milling required, and it's all open cast.

Project with low capital intensity

"You'll struggle to find a project with lower capital intensity," says Viljoen.

Given that most of the world's major tin mines are now operating underground, production from Uis should show up towards the bottom end of the global cost curve. There will also be useful credits on offer from the tantalite, beryllium and niobium that's also contained in the ore.

As the ramp up develops, Viljoen reckons AfriTin's revenues will rise to a handsome US\$60m per year, supported by that ever-present increasing demand for consumer electronics.

"Tin is used in all of your electronics," says Viljoen, "especially so since they banned lead in circuit boards."

Accordingly, he'd like AfriTin to come to be seen as the new African tin champion.

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