

Stock Data

Share Price	2.15p
Market Capitalisation	£17.5m
Shares in issue:	813.7m

Company Profile

Sector:	Mining
Ticker:	ATM
Exchange:	AIM

Activities

AfriTin Mining ('AfriTin', 'the Company') is a tin development and exploration company with a portfolio of near-term production assets in Namibia (Uis tin mine) and South Africa (Mokopane tin project). AfriTin's vision is to create a portfolio of world class, conflict-free, tin producing assets and is the first pure tin play on AIM.

Company website: <http://afritinmining.com/>

1-year share price performance



Source: [LSE](#)

Risk warning: Past performance and forecasts are not a reliable indicator of future results.

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AfriTin Mining Limited

AfriTin has today released its unaudited interim results for the six months ended 31 August 2020. With the ramp-up of its Phase 1 pilot plant at its flagship asset, the [Uis Tin Mine](#) ('Uis', 'the Project') in Namibia, a production record of 37.5 tonnes of tin concentrate was achieved in August 2020, by which time the sixth shipment of concentrate to the [Thailand Smelting and Refining Co., Ltd](#) ('THAISARCO'), an industry leader in the manufacture of tin, tin alloys and tin-related added value products, had been successfully completed. Having [renewed this offtake agreement for a further 12 months in July 2020](#), the Board sees opportunity to build on this already robust relationship as shipments continue to expand further in coming months. Based on its existing plant achieving its nameplate throughput around the end of the current financial year, AfriTin has potential to deliver positive monthly operational cash flow for the first time during the first half of calendar 2021.

Potential for positive monthly operational cash flow

Despite the impact of an extended shutdown resulting from modifications to address bottlenecks in the fines dewatering circuit of the processing plant, monthly concentrate production for August 2020 was still maintained at 37.5 tonnes (plant availability: 72%, plant utilisation: 80%). Management will now look to leverage these changes in order to reach their Stage I production target of c.60 tonnes/month ("tpm") towards the end of H2 2020/21. Ramping-up to the Project's Phase 1 nameplate throughput of 80tph, TPI sees potential to achieve steady state output early in calendar 2021, as a result of which it projects receipt of positive monthly operational cash flow for the first time. Beyond this, delivery of subsequent [optimisation Stages II to IV](#), based on TPI's estimated capex of US\$39.5m, appears capable of lifting throughput to 120tph, further driving profitability in the process.

Exceptional tin-in-concentrate grade with other metal credits

Shipment of tin concentrate continues unabated despite ongoing COVID-19 measures in Namibia and South Africa. Production for the year to date totals over 150 tonnes, having now dispatched its seventh shipment, with a tin-in-concentrate grade averaging 65% and representing a premium product largely free from deleterious elements. AfriTin is also achieving an average payability of 93%, referring to the percentage of the LME tin price realised, while continuing strong demand during this uncertain time reinforces belief in the fundamentals of the metal. Future development strategy includes expansion of the revenue stream derived from concentrate production to include other viable by-products, with particular emphasis on tantalum and lithium.

Valuation: DCF-derived value of £74.3m or 9.5p/share attributable

AfriTin strives to capitalise on the solid supply/demand fundamentals of tin by developing a critical mass of resource inventory, expanding production in the near/medium-term and then scaling by consolidating other African tin assets. TPI's DCF-derived valuation detailed in research of [24 June 2020](#) was updated following the recent equity fund raise and now stands at £76.9m or 9.5p/share for its Stage III development of Sn, Ta and Li concentrates. This increases to £77.7m or 9.9p/share should ATM be successful in increasing the head grade to 0.158% Sn during Stage IV development. As such, ATM's investment case rests upon its continuing successful execution of this phased development plan.

Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone.

Addressing production bottlenecks

Modifications to the processing plant at Uis to address bottlenecks in the fines dewatering circuit are now complete. As a result of the higher than anticipated fine material in the run-of-mine feed, improvements were required to rebalance material flows and expand capacity related to the dewatering of grits (45 to 500-micron particles) and slimes (smaller than 45-micron particles). These plant improvements are now translating into increased throughput and, importantly in this respect, the Company reports that there continues to be no confirmed cases of COVID-19 at Uis.

Funding and facilities in place

Part of the £3.05m (gross) raised in the Placing and Subscription completed on [3 August 2020](#), together with existing cash resources (£574,600 at the Company's February 2020 year-end) has been utilised in the debottlenecking capital projects. Cash and cash equivalents sits alongside an unsecured [£2.05 million Loan Note Facility](#) (repayable in May 2021 with settlement either in cash or through the issuance of new shares by mutual agreement) that was arranged with [The Orange Trust](#), itself an owner of 9.9% of the issued shares of AfriTin, while also wholly owning and controlling Yellow Dragon, a company that participated in the loan note issue; as at 31 August 2020, the Company had drawn down £1.75 million of this loan facility. On 31 July 2020, the Company also renewed and increased its working capital and VAT facilities with Nedbank Namibia for a further 12-month period which at the interim stage was indebted to the order of £0.76 million. The Company's remaining cash and banking facilities are presently being used to progress feasibility studies for the Phase 1 expansion (Stages II-IV) while also servicing operational and corporate expenses.

Financial results for the half-year to 31 August 2020

AfriTin reported revenue of £1.08 million (1H 2018/19: Nil) for the six-month period ended 31 August 2020 as production from Uis steadily increased for which cost of sales amounted to £1.07 million. Administrative expenses rose to £0.95 million (1H: 2018/19: £0.62) which after accounting for financing fees of £0.11 million (£0.02 million) produces a loss for the period of £1.04 million (£0.63 million). Exchange differences on translation of foreign operations of £1.29 million (£0.03 million) taken below the line produced a total comprehensive loss for the six months to £2.33 million (1H 2018/19: loss £0.66 million). Basic and diluted loss per share amounted to 0.15p (1H 2018/19: loss 0.10p).

Investment in property, plant and equipment during the period increased to £12.7m (1H 2018/19: £9.3m), while inventories spiked to £0.61 million (1H 2018/19: £0.03 million) as trade and other receivables dropped to £0.36 million (1H 2018/19: £0.99 million). Having completed an equity placing and subscription to raise £3.05 million (gross) at a price of 2.1 pence per ordinary share on 3 August 2020, AfriTin's cash and cash equivalents rose to £2.58 million (1H 2018/19: £0.13 million), while borrowings reached £2.52 million (1H 2018/19: £0.09 million).

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