

Stock Data

Share Price:	4.10p
Market Cap:	£35.9m*
Shares in issue:	874.7m*
52 week high/low:	4.40p/1.21p

*Post conversion of unsecured loan notes

Company Profile

Sector:	Mining
Ticker:	ATM
Exchange:	AIM

Activities

AfriTin Mining Ltd. ('AfriTin', 'the Company', 'ATM') is a polymetallic mining company operating its flagship Uis Mine, located in Namibia.

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

1-year share price performance



Source: [LSE](#)

Past performance is not an indication of future performance.

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AfriTin Mining Limited

AfriTin has today released two separate news announcements, both of which reflect increasing confidence in the Company's management and its operational progress. Firstly, concerning offtake agreements, not only will AfriTin extend its existing tin offtake agreement for Uis with Thaisarco for a further three years, but also it has concluded an inaugural tantalum offtake agreement with AfriMet Resources AG ('AfriMet'), which will become a second product alongside tin concentrate later this year. Secondly, AfriMet has elected to convert its outstanding convertible loan notes plus accrued interest into fully paid AfriTin ordinary shares, as a result of which it will hold 5.1% of the Company's enlarged share capital. Together, these agreements represent strong endorsement from two of the world's leading metals refiners/distributors in the global and African markets, in turn providing AfriTin with improved visibility for its polymetallic output. Reflecting belief that AfriTin will continue to surpass market expectations, at a time when it is also benefitting from strengthening metal prices, on 10 February 2021 TPI published an updated base case valuation for the Company, targeting a risk-adjusted 12p per share (representing upside of 193% on the current share price) or 15p per share (upside of 266%) when unrisks.

(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. Also please note that past performance is not a reliable indicator of future results.)

Thaisarco extends its existing offtake agreement

The tin concentrate offtake agreement with Thaisarco, AfriTin's existing trading partner and one of the largest tin smelters in the world, has been renewed for a further three years, until 30 November 2023 relating to delivery of product at Walvis Bay Cargo Terminal in Namibia.

The original terms agreed back on 19 August 2019 included payment to AfriTin on the basis of actual tin content in the concentrate at a lowest LME price less treatment charges, unit deductions and impurity charges, with pricing itself declared within 20 market days after arrival.

Inaugural tantalum offtake agreement with AfriMet

AfriTin plans to increase the production capacity of the Phase 1 processing plant beyond the current Stage I. This will occur in three distinct steps (Stages II-IV) and a BFS has already begun on a 'fast-tracked' Stage II. This anticipates a tantalum by-product feed grade of 85ppm, recovery of 15% and production of concentrate comprising 22% Ta₂O₅.

In expectation of near-term production, an offtake agreement with AfriMet for tantalum concentrate produced from the Uis Tin Mine for a twelve-month period has now been signed with an option to renew for a further three years upon mutual consent of the parties. AfriMet is a strategic African commodity trading company and 100%-owned subsidiary of the Zug (Switzerland) based ferrous and non-ferrous commodity merchant, Vanomet AG. AfriMet is a leader in trading the 3T metals (tin, tantalum and tungsten) and minerals sourced from Africa.

Terms of the offtake agreement are as follows:

- AfriMet shall pay AfriTin a payment calculated by reference to the amount of tantalum pentoxide (Ta₂O₅) contained in the tantalum concentrate, at a price in US\$ per/lb of the average of the Argus Metals tantalum price and Asian Metals tantalum price for the two months prior to the expected delivery date, less a deduction of US\$1 per/lb.
- A 90% provisional payment is made upon presentation of original export documents (i.e. based on the date the vessel leaves Walvis Bay).
- The final 10% payment, as well as any quality adjustments, is paid upon finalisation of the assay and weights by the receiving third party.
- AfriTin may elect to receive an advance payment, 30 days prior to the expected delivery date, to the value of 50% of the expected cargo value based on the agreed price for the expected delivery. The limit on the advanced payments is US\$500,000.

In this respect, it is worth noting the prospective significance of Uis Mine non-Tin by-products to AfriTin's future cash flows, as was highlighted in TPI's research note of 10 February 2021. In this TPI projected production of 1,071t of tin concentrate and 51t of tantalum concentrate in 2021, rising to 1,244t of tin concentrate, 58t of tantalum concentrate and 37,467t of petalite concentrate in 2022. Following the Phase 2 development, commencing in 2023, the research went on to forecast a further substantial increase in production levels, reaching 5,108t of tin concentrate, 483t of tantalum concentrate and 156,114t of petalite concentrate in 2025.

Based on these production forecasts and metal prices of US\$23,000/t for tin, US\$150,000/t for tantalum and US\$375/t for petalite concentrate, TPI forecast total revenue of US\$17.0m in 2021, increasing to US\$33.7m in 2022. Post Phase 2 we forecast revenue to increase to US\$146.8m in 2025. This in turn results in the Uis Mine generating an operating profit of US\$7.5m in 2021, rising to US\$22.9m in 2022 and reaching US\$75.9m in 2024 once Phase 2 commences.

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Conversion of AfriMet loan note into ordinary shares

Back on 26 November 2019, AfriTin announced its had raised £3.8m through the issue of unsecured loan notes ('the Notes') with strategic African tin trading group, AfriMet and existing shareholders. The Notes came with a term of 18 months and interest at a rate of 10% per annum which becomes payable on the redemption or conversion of the Notes.

Today, AfriMet has elected to convert its outstanding Notes, totalling £1,600,000 plus accrued interest of £195,945.21, into fully paid ordinary shares. This conversion will result in the Company issuing 44,898,630 ordinary shares at a conversion price of 4 pence per ordinary share. This conversion will result in AfriMet holding 5.1% of the enlarged issued share capital of the Company (while holding no other shares in the Company). The total number of voting rights in the Company will therefore be 874,690,012 upon Admission, with dealings in the conversion shares expected to commence on or around 19 February 2021.

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