

Alphamin set to benefit from the 'staggering' 22.76% rising tin prices over the past month

written by InvestorNews | January 23, 2023

One of the bigger trends of 2023 looks like being the reopening of China following 3 years of the COVID-19 pandemic. There are several ways to play this thematic – Chinese funds/ETFs, iron ore, but how about tin? The tin price is up a staggering [22.76%](#) over the past month (at the time of writing).

Trading Economics [states](#): “Tin futures were trading around the \$30,000 per tonne mark, a level not seen since June 2022, as top consumer China made efforts to reopen and support its economy, thus lifting the outlook for demand.”

The 10 year tin price chart shows tin prices recovering in 2023 now at US\$29,536/t

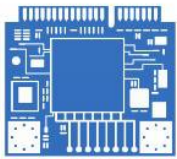


Source: [Trading Economics](#)

Tin is a key metal for the green energy transition as it is used in electric vehicles and solar panels. This is mostly because tin is used in solder ([49%](#) of tin demand comes from solder). Solder is used in practically every electronic product in the world today. As production and demand for consumer electronics recover in China that bodes well for tin prices.

Tin is the hidden green energy transition and consumer electronics metal of today and the future

Energy and technology will drive future tin demand



Computing and
robotics



Energy
generation



Autonomous and
electric vehicles



Energy
Storage



Energy
Infrastructure

Source: [International Tin Association](#)

Alphamin Resources Corp.

[Alphamin Resources Corp.](#) (TSXV: AFM) (Alphamin) currently produces ~[4%](#) of the world's tin (Sn), or [~12,000tpa](#). Alphamin [state](#): "At a tin grade of roughly 4.5%, Mpama North is the world's highest-grade tin resource – about four times higher than most other operating tin mines in the world."

Alphamin is a low-cost tin concentrate producer from its high-grade deposit at Mpama North at their [84.1%](#) owned Bisie tin mine in the DRC.

The 2022 Resource estimate is an Indicated Resource of [0.84 million tonnes at 2.53% Sn](#) (21,400 contained tonnes of Sn) and an Inferred Resource of 4.99 million tonnes at 2.5% Sn (124,750 contained tonnes of Sn). Alphamin has recently managed to increase the Mpama North Resource as you can view in the video [here](#).

The exciting part is that Alphamin is a low cost producer so is nicely leveraged to tin prices. Even better is that Alphamin intends to expand the mine's production from 12,000tpa Sn to [~20,000tpa](#) Sn from FY2024, which would equate to about [7%](#) of the world's tin supply.

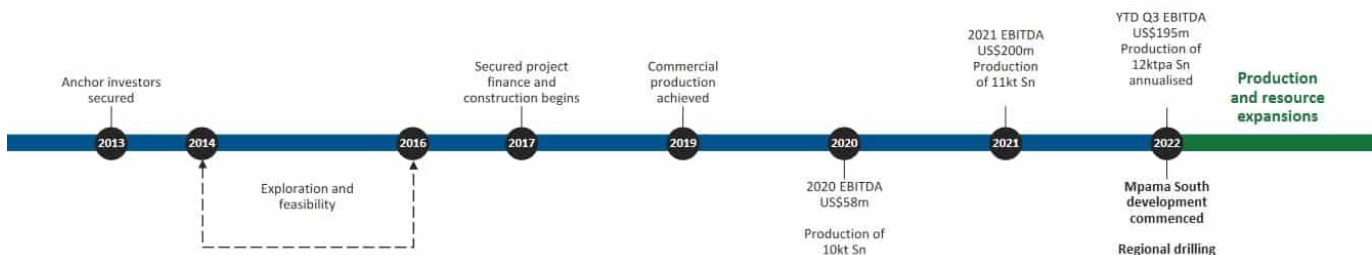
As [announced](#) in October 2022, Alphamin's Mpama South development project is progressing according to plan. Alphamin [stated](#): "The project is progressing on schedule for targeted commissioning in December 2023. Overall project completion is at 18.6%, and 84.3% of the procurement requirements have been finalised and ordered. The project is not expected to exceed its total cost estimate of US\$116 million."

Alphamin's milestones and goals and Mpama North & Mpama South shown below

KEY MILESTONES ACHIEVED



Exploration to production in less than 6 years – now targeting production expansion and resource extensions



Current Mpama North



Adding Mpama South



Source: [Alphamin company presentation](#)

Alphamin exploration continues

In addition to drilling for resource extensions at Mpama North and Mpama South, Alphamin is exploring for more tin deposits on its license areas. The Bisie Ridge Phase 1 new discovery has been accelerated with ~90 drill holes planned on six highly anomalous targets, following which a Phase 2 campaign will delineate any discoveries or else in fill the most prospective

targets.

Closing remarks

Alphamin Resources is a pure tin play highly leveraged to the tin price. Being a low cost producer allows Alphamin to remain profitable throughout the tin price cycle. As China reopens early price indications are suggesting 2023 will be a good year for tin, and hence the quality tin miners.

If Alphamin can successfully bring on Mpama South into production and further grow their resource, then the outlook is very bright for Alphamin this decade.

Alphamin Resources trades on a market cap of [C\\$1.273 billion](#) and a PE of [8.33](#). One to watch out for in 2023, especially if tin prices keep rising.

With the price of tin skyrocketing, investors eye the high grades of Alphamin

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The tin price boom continues with the price now at [US\\$43,023/t](#), up ~3.5x from the 2020 low. The main drivers have been surging tin demand from the electronics and green energy sectors and a limited supply.

Tin is mostly used as solder, particularly in photovoltaic installations, electric vehicles, and electronics. The good

thing about tin is that tin solder prices can go up, but that, so far, has had minimal impact on a company's costs. The biggest producers of tin are China, Malaysia, Indonesia, Peru, Thailand, Bolivia and Myanmar.

According to the International Tin Association ("ITA"), the global tin market [deficit is forecast to rise to 12,700t in 2022](#), from a 10,200t deficit in 2021. The ITA says that a [US\\$30,000/t](#) tin price is required to incentivize additional supply in response to demand growth.

Today's company is riding the wave of the tin price boom with increasing production from its Mpama North Mine in the Democratic Republic of Congo, DRC.

Tin prices – 10 year chart



Source: [Trading Economics](#)

[Alphamin Resources Corp.](#) (TSXV: AFM) ("Alphamin") stock price is up exactly [100%](#) in the past year thanks to booming tin prices and its growing production.

Alphamin is a high grade, low cost, tin concentrate producer at its Mpama North Mine in the Democratic Republic of Congo (DRC). Alphamin has the highest-grade tin resource, globally, with a Resource Reserve of [3.33MT @ 4.01% Sn \(tin\) resulting in 133.4 kt of contained tin](#). Alphamin's production equates to [~4%](#) of the world's mined tin.

Alphamin state:



Source: [Alphamin website](#)

Q4, 2021 results from Alphamin were a knockout. The Company [announced](#) the following:

- **“Contained tin production up 10% from the prior quarter to 3,114 tons**
- **Contained tin sales up 13% from the prior quarter to 3,056 tons**
- **Record Q4 EBITDA⁴ guidance of US\$74 million, up 38% from prior quarter actual**
- **Net cash position increases to US\$68 million**
- **FY2021 dividend of CAD\$0.03 per share declared.”**

The 3,114 tons in Q4 2021 puts Alphamin on an annual run rate of 12,456 tons pa. At current spot prices of US\$43,023 Alphamin would be on track for another year of record revenues (~US\$535 million) in 2022. In the above Q4 release the Company guided cautiously for 12,000t of production in 2022. There was also mention of an ongoing drilling campaign with six rigs on-site.

On February 1, 2022, Alphamin [announced](#) the results of the above-mentioned drilling campaign. Results were again spectacular and included:

- **“Mpama South high-grade assay results² received, including BGH079 which is the best drillhole assayed to date at Mpama South by contained tin: BGH079: 15.6 metres @ 5.00% Sn from 290.2 metres, including 10.0 metres @ 6.1% from 291.1 metres.....**
- **Mpama North high-grade assay results² received, including MND011 which is the second best drillhole assayed to date at Mpama North by contained tin: MND011: 19.6 metres @ 17.16% Sn from 419.3 metres, including 14.5 metres @ 23.0%.”**

Imagine the excitement drilling **“14.5 metres @ 23.0% tin (“Sn”)**

when tin prices are at US\$43,023/t.

Mpama South is shaping up to potentially be another large high-grade resource – Maiden Resource due soon



Source: [Alphamin news Feb. 1, 2022](#)

Next steps

The next step for Alphamin is the release of a Maiden Mineral Resource estimation for Mpama South due in Q1 2022. Following this will be quarterly results throughout 2022.

Alphamin investment highlights



Source: [Alphamin company presentation](#)

Closing remarks

It is a great time to be a tin producer. Even better if you are a high-grade, low-cost, tin producer expanding production. And even better again if you can drill into 23% tin grades and grow your resource.

2022 is shaping up to be another very good year for Alphamin Resources. The Company trades on a market cap of [~US\\$1.3 billion](#) up over 36% on when [I wrote on them](#) in Sept. 2021 on a then market cap of C\$953 million. Stay tuned for the Mpama South Maiden Resource release soon.

Alphamin Resources is producing the glue of technology

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When last we looked at [Alphamin Resources Corp.](#) (TSXV: AFM) in early May the stock was [up 177% in 5 months](#). It was a cash flow machine with exploration upside of a critical material – Tin. Since then not a lot has changed, the company is still generating massive amounts of cash flow and is using much of that free cash to expand its resource base with the goal of extending mine life out by decades. Interestingly though, tin prices are up another 12% since then while Alphamin's stock price is actually down a little bit, closing yesterday at \$0.69/share versus its May 11th close of \$0.72.

Before we have a look at what's currently going on at Alphamin let's talk a little more about tin first. Why are tin prices continuing to rock 'n' roll even when we've seen many other commodities (like copper and lumber) retreat from their recent highs? As noted, tin is a critical material, making the U.S. Department of the Interior's 2018 list of [35 mineral commodities considered critical](#) to the economic and national security of the United States. The reason it's so important is because tin is the glue of technology (a great quote I borrowed from Alphamin's CEO Maritz Smith in an [interview with InvestorIntel's Tracy Weslosky](#) earlier this week). Half of the world's tin demand is from solder, which is used in all circuit boards and will be a critical component of future technological developments. It's also [a relatively scarce element](#) with an abundance in the earth's crust of about 2 parts per million (ppm), compared with 94 ppm for zinc, 63 ppm for copper, and 12 ppm for lead. And

lastly, any near term supply additions from the likes of Indonesia, China and Myanmar require an estimated price of roughly US\$30,000/tonne to make economic sense to bring incremental production online.

Perhaps that's why tin closed at US\$33,510/tonne yesterday. Things look pretty good from both a supply and demand perspective. So who better to talk about in this environment than the company that owns the world's highest grade tin resource, about four times higher than most other operating tin mines in the world, responsible for approximately 4% of global tin production. It should come as no surprise that the latest guidance from Alphamin is for [EBITDA of \\$34 million](#) for the quarter ending June 2021 which has led to a debt reduction of 50% from the start of the financial year to \$29.9 million. Granted the EBITDA number is slightly lower than Q1 but that's due to the previous quarter benefitting from significant catch-up sales following logistical bottlenecks during Q4.

Naysayers may also focus on slightly lower tin grades and plant recovery rates versus Q1 but the variable nature of tin mineralisation in the orebody can cause material fluctuations in delivered grade. Ultimately, the overall resource estimate at Mpama North is a tin grade of 4.5% versus the latest quarter achieving a grade of only 3.2%. My simplistic view is that over time this number should revert to the mean but I'm not sure if that's how geology and resource estimates work. The positive is that the plant processed 12% more ore quarter over quarter and the fine tin recovery plant is fully commissioned and producing effective June 26th, which has the potential to increase contained tin production by 5%-10%. Also, the average Q2 tin price was US\$28,326/tonne, well below current prices. My takeaway is far more positives than negatives but the market will ultimately decide, regardless of my opinion.

Those are all the tangible numbers you can sink your teeth into but the exciting part (to me at least) is the anticipation of a massive exploration program. In early June, Alphamin [announced results](#) from the first 29 of their 70-hole drill programme. Drill results at Mpama South (which account for 46 holes of the overall plan) showed continued presence and orientation of high-grade samples pointing to the potential for another high-grade deposit 750m south of current operations. They say a picture is worth a thousand words, so rather than ramble on about various drill highlights I'll let you look at a picture.



Source: [Alphamin Resources June 8, 2021 Press Release](#)

Results are still pending on the last 17 holes drilled at Mpama South. Drilling at the Mpama North orebody commenced on July 2nd with an initial 15,000 metre (22 holes) drilling campaign over the next 4 months. Drilling is planned to test the strike and dip extension of the current producing orebody with the aim to extend the life-of-mine. In addition, the Company is planning to drill on the highly prospective Bisie ridge (13km strike length), which falls within the Company's mining licence. This is expected to commence in August, with access roads having been established and initial drill targets being developed.

There's nothing better than a story that has lots of cash flow, potentially debt free in the foreseeable future and lots of exploration upside in a commodity with a pretty good supply/demand outlook. The one caveat is that it's a single mine asset in a potentially challenging geographic and geopolitical location (Democratic Republic of Congo). To me that's what makes investing so interesting.

Disclosure: The author is long Alphamin Resources Corp. (TSXV: AFM).