

Tin producer Alphamin Resources is Making All the Right Moves in 2021

When investing in miners, investors love to see rising commodity prices, growing production numbers, growing EBITDA or cash flows, falling or zero net debt, and ideally some dividends. Today's company has achieved 4 of the 5 and will potentially have the 5th component 'dividends' added soon.

Alphamin Resources Corp. (TSXV: AFM) ("Alphamin") is a pure-play, low-cost, tin concentrate producer, from its high-grade deposit at the Mpama North, Bisie Tin Mine, in the Democratic Republic of Congo (DRC). Alphamin has a Resource Reserve of 3.33MT @ 4.01% Sn (tin) resulting in 133.4 kt of contained tin.

Alphamin operates the high grade, low cost, producing Bisie Tin Mine in the DRC

Company Overview

- **Bisie tin mine** located in the resource rich Democratic Republic of Congo (DRC)
- **Lowest quartile cost producer** ⁽⁵⁾
- **4%** of the world's mined **tin** ⁽⁵⁾
- Producing **~11,000 tons tin** per annum
- **H1 2021 EBITDA of US\$70,5 million @ US\$25,266/t tin price.**
(Current tin price: US\$34,800/t)
- Significant **resource extension** and **production growth** potential
- Listed in Toronto (**TSXV:AFM**) and AltX (JSE AltX:APH)

Mineral Reserve at US\$17,000/t Sn at 31 December 2019

Total Mineral
Reserves (Mt)

3.33_{MT}

Probable / Proven
Grade (% Sn)

4.01 % Sn

Contained Tin
Content (kt Sn)

133.4_{kt}

**Accounting for 8% of Global Compliant Tin
Reserves ⁽⁵⁾**

Source: Alphamin company presentation

High tin prices

The tin market continues to go from strength to strength, the tin price is currently at US\$34,930/t. Tin prices are up 93.28% over the past year, driven by strong demand (consumer electronics and other green energy related products) and weak

supply (notably from COVID-19 impacted Malaysia & Indonesia). For 2021, tin supply is forecast to be in deficit by 10,200 tons which should continue to support tin prices in the short term.

Growing production numbers and growing EBITDA

Alphamin has taken full advantage of the stronger tin prices in 2021 by increasing tin production an impressive 17% in the last quarter (measured as over the June quarter). This has resulted in a **record Q3 EBITDA** guidance of **US\$53 million, up 56%** for the third quarter, 2021, from the prior quarter.

Debt falling to zero

All of this has put Alphamin in a great financial position of being able to reduce their debt to zero. This is an outstanding achievement given the net debt was US\$59.9 million as of 31 December 2020.

As announced on October 4, Alphamin stated that for the quarter ended September 2021:

“The Company moved to a net cash position at 30 September 2021, compared to a net debt position of US\$29.5m the previous quarter. Our intention is to fully settle the outstanding senior loan of US\$36m during October 2021. The Board will establish an appropriate treasury strategy during Q4 2021 with the objective of balancing capital allocations between ongoing exploration drilling, the potential fast-track development of the Mpama South deposit and shareholder distributions.”

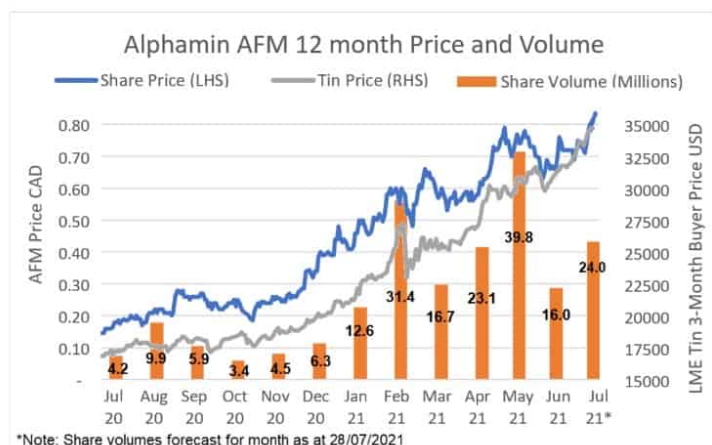
Dividends

As suggested in the quote above, investors should potentially be able to look forward to some dividends (“shareholder distributions”) in 2022. This will considerably strengthen the appeal of Alphamin to a broader group, including those investors seeking an income.

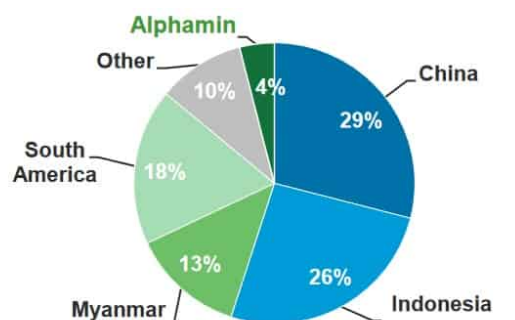
Exploration upside (Mpama North expansion on the existing resource, Mpama South, and Bisie Ridge)

- Drilling at Mpama North is to test the strike and dip extension of the current producing orebody.
- Considerable drilling at the Mpama South deposit is expected to lead to a Maiden Mineral Resource to be announced by year end 2021. More details here.
- Drilling at Bisie Ridge (13km strike length) is expected to commence on delivery of additional drill rigs. Exploration has identified several high potential drill targets less than 8km from the current operating mine which match and are co-incident with the soil sampling results.

Alphamin's stock price has tracked the tin price higher boosted by strong global tin demand



- **Lead for Tin in solder:** Hazardous, step change in demand from 2006
- **Electronics miniaturisation** effect flattening ⁽¹⁾
- **Myanmar** high-grade near surface material depleted - moved to lower grades from underground. China looking for alternative steady supplies ⁽¹⁾
- **China/US trade war** impacted electronics demand in 2019
- **Electronics demand and green energy** drive creating deficits - requires sustained higher incentive prices
- **Cost of tin** in solder insignificant, but a critical metal without which technology cannot exist



Source: Alphamin company presentation

Closing remarks

Tin has been named "the forgotten critical mineral" for good

reason. It is because tin is used in electrical and electronic solders, and it is therefore found everywhere in electronics and green energy products. Some say that tin is “the metal most impacted by new technology”.

Alphamin Resources is now ticking all the boxes – A pure play, low cost, high grade tin concentrate producer with exploration upside; high tin prices supported by strong demand from electronics and new and green technology; growing production numbers and growing EBITDA, debt falling to zero, and the very real prospect of dividends commencing in 2022.

Alphamin Resources Corp. trades on a market cap of C\$1.039 billion and a forecast 2021 PE of 11.5, even after the stock price has risen 295% over the past one year. Some DRC risk applies but for now, the Company is making all the right moves.