

# Bushveld Minerals (BMN LN)

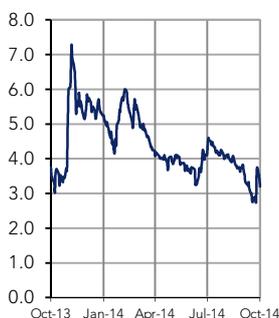
Mining Flashnote

29 October 2014

## Stock Data

Share Price:	£0.032
Market Cap (M):	£14.5
EV (M):	£15.3

## Price Chart



## 52 Week Range

2.6p | 3.2p | 7.65p

## Company Summary

Bushveld Minerals is a diversified mineral development company with projects in Africa. The company has projects in iron ore, vanadium, tin and coal. The Company's focus is to continue to develop the projects with a view to seeking strategic investors to co-develop and ultimately bring into production.

### MAIN

SHAREHOLDERS	HOLDING
Mineral Wealth Intl.	25.84%
Acacia Resources	7.18%
Riverridge	5.50%
Halifax Share Dealing	4.60%

Source: Bloomberg

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## Sale of the Darwin Facility

### Event

Bushveld Minerals ("Bushveld") has announced that it has agreed to the sale of the balance of the outstanding facility with Darwin Strategic Limited ("Darwin"), which was originally entered into on 25 March 2014.

The Company also announced that it has placed a further 16.67M new ordinary shares at a price of 3p per share, with one existing institutional investor.

### Comment

The outstanding facility, comprising of 25M shares already in issue, was acquired in its entirety by Riverridge Limited at 3p per share, representing a 9% premium to the opening mid-market price. Darwin originally subscribed for 50M ordinary shares of one penny nominal value on terms outlined in its announcement of 25 March 2014. Riverridge Limited is a private investment vehicle representing a long term high net wealth shareholder of Bushveld Minerals.

The subscribers in the Placing were also happy to pay a premium to market for the stock. Again this highlights the longer term nature of both purchasers and as such we believe Bushveld's shareholder structure base is now significantly improved. Combined these transactions will raise gross proceeds of £1.25M, the proceeds of which will principally be used to support the commencement of the Feasibility Study for its world-class Vanadium Project and to fund the Company's operational costs.

Bushveld also noted that efforts to engage potential strategic partnerships for the Company's other platforms are continuing, with interest being shown across all assets in the portfolio. Given the size of the resource / high grade of the Vanadium project and the low CAPEX / comparatively short timetable to production on the tin portfolio we do not find it surprising that parties are expressing interest.

With a market cap of just circa £15M, the stock would certainly appear significantly undervalued. Independent Scoping Studies have recently been completed at the flagship Vanadium Project and the P-Q Iron Ore & Titanium Project, giving a post-tax NPV (10%) of US\$263.6M and \$188.4M respectively.

Moreover the company's tin platform (Greenhills Resources Limited) has seen further advancement over the course of the year with resource upgrades, suggesting a possible low CAPEX and early start-up production possibility, which could then fund further exploration and resource expansion in the area. (please refer Fox-Davies flashnote dated 1<sup>st</sup> October 2014.

Finally, Bushveld's 57.21% shareholding in Lemur Resources (ASX: LMR) effectively gives the Company control over the A\$15.4M cash, currently held on Lemur's balance sheet and 136Mt Imaloto Coal Project in Madagascar.

Whilst the Company will no doubt need to bring on partners to aid in the development of these projects, the disconnect between the current share price and potential underlying value of the portfolio, coupled with a strengthening of the Bushveld shareholder register, should offer investors an opportunity to gain access to a broad Africa-focused portfolio at a price close to all-time lows.

The company's strategy for bringing in strategic partners to the individual platforms (about which the company has indicated it has received interest for all of them) means that the cash that it has received at GBP1.25M can go a long way, more so considering the company's lean overhead structure. This should also go some way in reducing any pressure on Bushveld in respect of accessing LMR cash, meaning the company can focus on building value in LMR and develop its strategy for LMR from a position of strength.

## Research Disclosures

### Peter Rose

Peter has 27 years' experience in equities as a resources analyst; he has been at Fox-Davies Capital for 6 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 3 years with Prudential Bache and 5 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 8 years in the uranium industry, five of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 29 October 2014

Company Name	Disclosure
Bushveld Minerals (BMN LN)	1, 2, 7

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