

Bushveld Minerals (BMN LN)

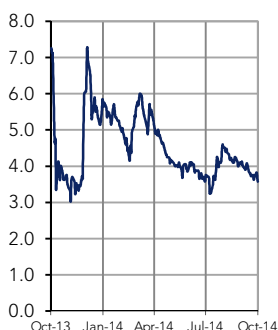
Mining Flashnote

01 October 2014

Stock Data

Share Price:	£0.036
Market Cap (M):	£16.2
EV (M):	£17.0

Price Chart



52 Week Range

2.825P | 3.575P | 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%
Darwin Strategic	8.25%
Acacia Resources	7.18%
Halifax Share Dealing	4.60%

Source: Bushveld Minerals

Research:

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Bushveld releases Mokopane Tin project Scoping Study

Event

Bushveld Minerals ("Bushveld") has announced the results of the Mokopane Tin Project Scoping Study. Based on producing only tin, a capital expenditure of US\$17M yields a net Present Value of US\$10.08M after tax and using a 10% discount rate.

Comment

The project is to process a JORC compliant resource of 15.72Mt of tin ore grading 0.117% tin, with a total tin content of 18,447t over a 12 year period. The ore is from two areas, Groenfontein and Zaaiplaats.

We consider this to be an ideal project for Bushveld. The capital expenditure needed to bring the project to production is modest at US\$17M and easily within the scope of Bushveld. One of the key reasons for the low capex is that the area is well served by existing infrastructure.

Although the NPV quoted above appears modest we have quoted the lowest figure, assuming the production of 99.5% pure tin, produced by a small onsite smelter. There is significant upside to the project. There is scope for further exploration at both sites and at other targets within the licence area. In addition, there are options with the metallurgy. Tungsten is known to occur in both ore bodies, although grades have only been estimated for the Zaaiplaats deposit. The tungsten, which occurs as scheelite has to be separated from the cassiterite, the tin mineral, and this is easily achieved using electrostatic separation. Similarly, there are small amounts of copper which have to be separated from the cassiterite. This can be achieved by tabling and flotation, two established metallurgical processes. The tungsten produced can easily be turned into a saleable ferro-tungsten product and the copper can be upgraded to a 22.7% concentrate. Both of these products are easily saleable, and would provide additional revenue streams boosting the net present value of the project.

Valuation

We have modelled the proposed Bushveld Tin Project with a mine life to 12 years. We have not included the potential to produce ferro-tungsten and copper. Using a 10% discount rate and after tax, we derive a net present value of US\$18.6M and an IRR of 48.4%. These figures compare favourably with the Bushveld Minerals results of an NPV of US\$10.1M and an IRR of 34.6% for the equivalent scenario, due to the higher tin prices used in the Fox-Davies model. The addition of by-product sales to this model would substantially boost the net present value and internal rate of return.

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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Sell	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

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Research disclosure as of 01 October 2014

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

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