

NAVIGATING TIN INVESTMENTS
IN A CHALLENGING
MACROECONOMIC CLIMATE

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TIN IS BACK

- ❑ Mining selectively came back to life in 2019, lead by precious metals first and then base metals started to rally
- ❑ All mining/metals stocks were beaten down with the onset of the pandemic
- ❑ They quickly rebounded as the disruption was a wakeup call on fragile supply lines and vulnerability to China's capriciousness
- ❑ Tin surged back to levels not seen in many decades
- ❑ Speculators out of China once again did what they do.... And spoiled a recovering market with pump & dump practices
- ❑ However..... out of the confusion was born a revived Tin sector in capital markets

ISSUES TO CONSIDER

- ❑ What is the outlook for investment in Tin projects in a bearish macroeconomic climate when industry fundamentals are strengthening?
- ❑ How should investors navigate price volatility in a time when the tin industry really needs new mines in development?
- ❑ What strategies can be employed to elevate interest in tin mining?
- ❑ What makes a tin project attractive from an investment perspective - particularly, what information investors really want from explorers and mining juniors? How do you balance factors including the nature of the geology, the deposit type, whether the system is polymetallic; geopolitics, regulatory climate; historically mined deposits vs greenfield projects; corporate strategy, frequency of press releases, interviews with leadership, who is in the management team?

BULLISH TIN, BEARISH ECONOMICS

- ❑ Tin has not had such sustained good prices for decades and one could argue that even when Tin was last so good it was a false construct of the ITC's Cartel/Corner of the mid-1980s. This is real...
- ❑ The collapse left a hangover, destroyed value and destroyed many players. This left a sort of scorched earth which is only just now starting to revegetate
- ❑ Underinvestment over decades, indeed almost half a century, is exceptional for any metal that has been in constant demand over that period
- ❑ New applications in tech and enhanced demand in solders scarcely moved the dial
- ❑ That Tin can be holding its own when Western economies are sloppy, and China is downright torpid, is a sign of the "good" dynamics of scarcity in the Tin markets
- ❑ China is losing control of Tin pricing (as is happening in Rare Earths, Tungsten, Antimony etc.)
- ❑ Grades have gone to the dogs (excepting Alphamin) - which is actually bullish for supply
- ❑ Low-hanging fruit (alluvials) are now largely mined-out

NAVIGATING PRICE VOLATILITY

How should investors navigate price volatility in a time when the Tin industry really needs new mines in development?

- ❑ Hedging is an option for larger sophisticated investors
- ❑ Look for projects/companies that are higher margin (i.e. better grades, lower opex) to ameliorate the effects of the slings & arrows of the physical Tin market's moves
- ❑ The less capex upfront the better the return on investment.. This is an investment truism
- ❑ Dividends help keep the natives from “getting restless”
- ❑ Goes without saying but Buy Low, Sell High... not the opposite...

STRATEGIES TO LIFT PERCEPTIONS

What strategies can be employed to elevate interest in tin mining?

- ❑ The problem is that all the junior Tin players in the market see themselves as competitors (not to sell Tin, but to attract investors)
- ❑ The presence of Tin in most critical metals listings is a key selling point for the metal, but only some explorers use it
- ❑ The conversion of explorers to developers and then producers is patchy. Alphamin did it, some of the players in Spain have gone straight from developer to producer, but some producers (one in Australia) have not responded to the challenge by upping production or adding new projects
- ❑ Breaking the nexus between the Tin price and share prices might be useful as profitability is not only about pricing, but about margins, grade and efficiency in mining operations (and ultimately management)

WHAT TO LOOK FOR....

- ❑ What makes a Tin project attractive from an investment perspective - particularly, what information investors really want from explorers and mining juniors?
- ❑ How do you balance factors including the nature of the geology, the deposit type, whether the system is polymetallic; geopolitics, regulatory climate; brownfield vs greenfield projects; corporate strategy, frequency of press releases, interviews with leadership, who is in the management team?

TIN IN CAPITAL MARKETS

- ❑ Number of listed Tin stocks is on the rise
- ❑ More on ASX and London, as Canada has never understood Tin
- ❑ Explorers cannot hope to be taken out, so they must advance to development, but some managements are pathologically unable to develop/produce (i.e. wrong managements in the wrong metal)
- ❑ Brownfields sites have the best prospectivity as shorter timeline to production
- ❑ Greenfields sites are burdened by the whole cycle of exploration, MRE, PEA, PFS, BFS which always takes longer to travel through than the price cycle of a given metal
- ❑ The Tin market despite its massive value is not seen in the same light as base metals i.e. it is a niche