



Latest update from Tristar on SPMP

There is some good news coming from SPMP:

- The smelter is up and running and they should produce 8-10,000 tons of antimony this year.
- They expect to be processing some 20,000 tons by next year annualised.
- They hope to be refining some 20,000 ounces of gold.

The timing could not be more perfect with antimony prices reflecting:

- The fact that Polyus in Russia who are one of the largest antimony and gold refiners, are currently working through a particularly antimony free seam.
- That the development of an antimony mine in Tajikistan is behind plans.
- That Myanmar is currently off limits.
- That three mines in China have been shut down on environmental permitting grounds.

SPMP forecasts \$191M in revenue in 2022, calculated at an antimony price of \$7000 and gold at the Bloomberg consensus of \$1611/oz. Depending on the commodity price assumptions used, this number could increase - the current antimony price has recently spiked to above \$11,000/t. If the price rise continues, on current estimates, turnover could be between \$250m and \$300m and EBITDA could be \$35m+

Working capital requirement is typically three months of sales so around \$90m but the budget calls for less than \$50m although this is budgeted against 2021 Sb price.

Current debt is \$100m bank debt and \$60m of preference debt with a 20% coupon.

Even with all of this, after interest on bank debt and preference debt, cashflow should be \$27m, which should allow the company to pay down the expensive preference debt.

The valuation of Tristar values the shares of SPMP at \$14m, which obviously looks inexpensive against a possible cashflow of \$27m per year.

Things are for going the right way, but fingers should be crossed!

12th March 2021