

Tin timing perfect for Elementos

BY BEN KAY, EXECUTIVE DIRECTOR – BW EQUITIES

With more than 25 years of experience in Australian capital markets, BW Equities' Ben Kay has built a reputation as one of Australia's top stock pickers, recognising the potential of companies such as Jervois Mining (ASX: JRV), Boss Energy (BOE) and Lotus Resources (ASX: LOT) well ahead of others in the market.

Ben is a thematic based, concentrated investor who aims to identify companies with the best projects and management. He has a keen interest in the resources sector.

It's a good time to be "in tin", Elementos Chairman Andy Greig said in the company's annual report, and I couldn't agree more. Elementos' (ASX: ELT) development of its Oropesa tin project in Spain has excellent timing, given the current market indicators.

The International Tin Association is forecasting a 30,000-40,000 tonne/year supply deficit which equates to about 10% of demand, to continue until 2025. From that point, it expects the deficits to widen even further with increasing demand and falling supply.

Tin is the metal most impacted by electrification and new green technologies, used in electronic components, battery chemicals and anodes, alloys and tin plate. Demand for it comes from a range of increasingly important markets such as electric vehicles, robotics and renewable energy. So, it's easy to see why demand is going to skyrocket over the next decade or so.

We're already seeing signs of this, with tin hitting all-time highs during September 2021. Tin spot prices have remained above US\$30,000 a tonne for more than five months this year.

It looks to be the perfect time for ELT as its path to becoming a major producer of tin becomes increasingly certain.

ELT has confirmed Oropesa as one of the world's highest grade open-cut tin projects, and the latest drilling met management expectations, discovering a new tin zone.

ELT is currently working on a Definitive Feasibility Study for Oropesa due out in 2022 which will incorporate an updated Mineral Resource Estimate and other feasibility development programs including metallurgical, geotechnical and groundwater programs.

I'm impressed by what Andy Greig has done in leading ELT, leveraging his 35 years of experience at global engineering and construction firm Bechtel Group, where he headed up the Mining and Metals Global Business Unit for 13 years. Andy was integral in ELT securing Oropesa, and backed the acquisition with a \$2 million loan to the company. He recently converted the loan balance into equity, leaving ELT debt free. This removes another hurdle as the company transitions from explorer to developer and producer.

He also brought in mining engineer Joe David as Chief Executive Officer to help drive Oropesa's development. Joe is extremely energetic and ambitious, which are key traits I look for when backing companies.

We believe ELT could get Oropesa into production in as little as 18 months once next year's DFS firms up project economics and the share price can rise multiple times from its current position. ■

