

JV agreement and Trojan growth

Mining

6 February 2013

This week has seen the formal signing of a Joint Venture Agreement (JV) with Hailiang for the Katanga copper licences in the DRC as well as the 152% increase in the Trojan Nickel mine resource. The updated JORC compliant resource shows an additional 69,352t of contained Nickel with the grade rising to 1.51% (previously 1.29%).

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
03/11	43.7	(24.9)	(4.38)	0.0	N/A	N/A
03/12	81.3	(1.2)	(0.09)	0.0	N/A	N/A
03/13e	114.1	15.8	0.96	0.0	8.4	N/A
03/14e	136.5	30.0	1.47	0.0	5.5	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation and exceptional items.

Finalisation of the JV allows the exploration and development programme at Katanga to be accelerated. Hailiang also hold a six month option over the Kibolwe prospect, which, if exercised, could see an additional US\$15m spent there over 12 months.

At Trojan the company has completed 9,403m of the ongoing drilling programme, targeting down-dip resource below level 37 of the mine. To date, the ore body has been extended 300m down-dip with mineralisation open along strike to the east and at depth. Positively, the massives have been shown to continue below 37 Level.

The total resource at Trojan is now 7.61Mt at 1.51% containing 114,952t Ni, an increase of 69,352t. Assuming our EV/Resource multiple for contained nickel in the ground of US\$28.82/t, the additional resource is worth US\$2m. We therefore ascribe a value of US\$1.3m (0.1cps) to Mwana's share in the additional resource.

Of more significance is the resource's potential to be converted to reserves and thereby increase the life of Bindura. With the drilling continuing and mineralisation appearing open along strike and at depth, we see further room for the delineation of additional resource at the Trojan Nickel mine. The next significant milestone for BNC will be the sale of first concentrate, expected Q213. Our valuation remains unchanged at 15p/share, with further upside from the potential to lengthen the life of Bindura.

Price	6p
Market cap	£66m
	USD1.5827/GBP
Shares in issue	1,115.7m
Free float	97%
Code	MWA
Primary exchange	AIM
Other exchanges	N/A

Share price performance



Business description

Mwana Africa is an AIM-listed and African managed resource company. Its scope is pan-African and multi-commodity; gold, nickel, copper and diamonds.

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