

Afri-Can Marine Minerals

Metals & mining
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Signs memorandum of understanding

Afri-Can Marine Minerals (AFA) recently signed a memorandum of understanding (MoU) with International Mining and Dredging Holding (IMDH) to develop and mine its Mining Lease 111 (ML 111) and Exclusive Prospecting Licence (EPL) 3403 in the Namibian offshore diamond fields. AFA had previously stated it intends to begin trial mining ML 111.

ML 111: Trial mining to start as soon as possible

AFA's primary goal is to resume production from ML 111 in the shortest possible time. Historical diamond production from the lease area totalled 181,000 carats. AFA has delineated an area containing 255,000 carats out of the project's total indicated resource of 413,000 carats for trial mining. Under the MoU, IMDH will design and operate a programme of 800 samples, primarily on ML 111. The programme aims to upgrade some of the project's inferred resource to indicated resources and delineate mining blocks for trial mining. At present, 453,000 carats out of a total 43-101 compliant resource of 866,000 carats fall into the inferred resource category. The trial mining plan will be prepared from the PEA and PFS. AFA's secondary goal is to advance the development of EPL 3403.

Terms of the MoU: Forming a joint venture

A JV will be formed to fund and operate the sampling and mining programme. IMDH will fund the preparation of the vessel and AFA will fund the mining operating costs for the first three months. Net profits will be shared equally after payments to other parties amounting to 20%, assuming the project is economically viable.

AFA evaluating funding options

AFA's funding needs include payment of US\$350,000 to IMDH for previous sampling work on EPL 3403 and US\$200,000 to acquire EPL 3403's holding company, Thyme Investment (PTY). AFA will issue 9.75m shares to IMDH and 3.25m shares to BV Investment (PTY) to take its share of EPL 3403 to 100%. US\$300,000 will be required as a deposit for the sampling programme.

Valuation and financials: Cash required

In July 2013, AFA raised C\$200,000, accounting for the bulk of its cash resources. This suggests the cash requirements under the MoU will have to be met using external sources of financing.

Historic financials

Year end	Revenue (C\$m)	PBT (C\$m)	EPS (\$)	DPS (\$)	P/E (x)	Yield (%)
08/09	0.0	(1.123)	(0.01)	0.0	N/A	N/A
08/10	0.0	(0.887)	(0.01)	0.0	N/A	N/A
08/11	0.0	(1.259)	(0.02)	0.0	N/A	N/A
08/12	0.0	(1.244)	(0.02)	0.0	N/A	N/A

Source: Afri-Can Marine Minerals

Price C\$0.04
Market cap C\$4m

C\$1.06/US\$

Share price graph



Share details

Code	AFA
Listing	TSX-V
Shares in issue	91.53m

Business description

Afri-Can Marine Minerals is a junior exploration company with a primary focus on evaluating marine diamond deposits. It is active in the Namibian offshore diamond fields and is evaluating a property adjacent to highly productive mining operations. Trial mining on another property is expected to begin shortly.

Bull

- Operates in a highly prospective diamond region.
- Trial mining to resume shortly.
- Spin-off of copper asset possible.

Bear

- Requires financing for earn-in options.
- Project is at an early stage.
- Generic sensitivity of diamond demand to continued global economic uncertainty, although downside risks appear to be diminishing.

Analysts

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