Alphamin Resources Corp.: Operational Update

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GRAND BAIE, Dec. 23, 2019 - Alphamin Resources Corp. (AFM:TSXV, “Alphamin”, or the “Company”) is pleased to provide the following operational update:

- Step change in processing recoveries to 70% following plant modifications
- Q4 2019 tin production expected at upper end of the previous guidance range
- Processing solution to high arsenic confirmed for implementation early January 2020
- Bridge repair progressing with completion expected end January 2020
- Provisional invoicing for tin concentrate on hand during bridge repair period finalised
- Interim logistical solution to initiate concentrate transport secured
- Inbound flow of major consumables maintained

Certain financial information is reported in this news release using non-IFRS measures. See Non-IFRS Financial Performance Measures below.

Q4 2019 Production Update

Recent improvements in the plant operating practice have resulted in a step change in processing recoveries to ~70% (ultimate target: 72%), despite the impact of high arsenic in feed encountered in October and November. Arsenic in feed has dropped off in recent weeks. Changes were made to the jig circuit which improved jig recoveries, increased the mass pull to the gravity section resulting in less tin fines and ultimately increased recoveries of tin.

The gravity circuit was reconfigured to introduce 100% of the production into the flotation plant and the controls in the flotation plant were optimized to improve removal of impurities in the final product. These changes have partially addressed the higher than expected arsenic values in the concentrate. Laboratory test work and mineralogical investigations have revealed that a relatively simple addition to the reagent suite is expected to further reduce the levels of deleterious arsenic in the final concentrate. The new reagent suite will be implemented by early January 2020 with a significant reduction in impurities in concentrate expected.

We expect contained tin production for the quarter ending December 2019 at the higher end of our previous guidance range of between 2,000 tons and 2,200 tons. As a result, our Q4 2019 AISC per ton of contained tin is expected at the lower end of our previous guidance range of US$12,000 to US$13,000.

Bridge Repair Update

The repair work on the previously reported collapse of the bridge on the main national road from which the Bisie project is accessed is progressing well with completion expected towards the end of January 2020. The Company has secured a number of initiatives aimed at maintaining the flow of major consumables to the project, and as a result of these initiatives, the production of concentrate has continued uninterrupted while the bridge is under repair.

As previously announced in Alphamin’s Management’s Discussion and Analysis for the three months ended September 30, our tin concentrate off-take customer has agreed to provisional invoicing ex-mine, which will improve the Company’s liquidity during the bridge repair period. This contract has been signed and the provisional invoice of US$12.6 million issued and settled.

The Company has secured the necessary approvals to implement a logistical solution that will allow for tin concentrate to cross the river while the bridge is being repaired at a rate exceeding production. This solution has commenced on 18 December and will re-instate the Company’s revenue stream on arrival of trucks in Kampala, Uganda irrespective of how long the bridge repair period may take.

Company Guidance for the financial year ending December 2020

We expect contained tin production of between 9,000 and 10,000[1] tons for the year ending December 2020 with run-of-mine tin grades averaging 4% and overall plant recoveries at 72%. Contained tin sales should be approximately 2,000 tons higher than production as we re-instate outbound logistics following the bridge collapse in Q4 2019.

We expect AISC per ton of contained tin of between US$10,000 and US$12,0001 for the year ending December 2020.

Revised Life of Mine Production Profile

Following the previously announced change in mining method, the revised life-of-mine design and scheduling have now been finalised. An updated NI 43-101 technical report is being prepared for expected release in January 2020.

Qualified Person

Mr. Vaughn Duke, an independent consultant to Alphamin, is a qualified person (QP) under NI 43-101 and has reviewed and approved the scientific and technical information contained in this news release.

FOR MORE INFORMATION, PLEASE CONTACT:

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USE OF NON-IFRS FINANCIAL PERFORMANCE MEASURES

This news release refers to the following non-IFRS financial performance measures: Earnings before interest, taxes, depreciation and amortization (“EBITDA”) and All-In Sustaining Cost (“AISC”).

These measures are not recognized under IFRS as they do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. We use these measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The use of these measures enables us to assess performance trends and to evaluate the results of the underlying business of the Company. We understand that certain investors, and others who follow the Company’s performance, also assess performance in this way.

We believe that these measures reflect our performance and are useful indicators of our expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Cash Costs

This measures the cash costs to produce a ton of payable tin. This measure includes mine operating production expenses such as mining, processing, administration, indirect charges (including surface maintenance and camp), and smelting, refining and freight, distribution and royalties. Cash Costs do not include depreciation, depletion, and amortization, reclamation expenses, capital sustaining and exploration expenses.

AISC

This measures the cash costs to produce a ton of payable tin plus the capital sustaining costs to maintain the mine, processing plant and infrastructure. This measure includes the Cash Cost per ton and capital sustaining costs divided by tons of payable tin produced. All-In Sustaining Cost per ton does not include depreciation, depletion, and amortization, reclamation and exploration expenses.

See “Cautionary Notes Regarding Forward-Looking Statements” below as well as “Use of Non-IFRS Financial Performance Measures” in our Management’s Discussion and Analysis for the three months ended June 30, 2019.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Information in this news release that is not a statement of historical fact constitutes forward-looking information. Forward-looking statements contained herein include, without limitation, statements relating to costs of production, production volumes and anticipated tin grades and processing recoveries. Forward-looking statements are based on assumptions management believes to be reasonable at the time such statements are made. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Although Alphamin has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to: Uncertainties associated with Alphamin’s resource and reserve estimates, uncertainties regarding estimates of the expected mined tin grades, processing plant performance and recoveries, events causing actual operating expenditure to be different to that forecasted, uncertainties regarding global supply and demand for tin and market and sales prices, uncertainties with respect to social, community and environmental impacts, adverse political events, uncertainties with respect to optimization opportunities for the mine, uncertainties with respect to the impact of the announced bridge collapse on operational flow and liquidity as well as those risk factors set out in the Company’s Management Discussion and Analysis and other disclosure documents available under the Company’s profile at www.sedar.com. Forward-looking statements contained herein are made as of the date of this news release and Alphamin disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

[1] Production and cost guidance is based on certain estimates and assumptions, including but not limited to: Mineral Resources and Mineral Reserves, geological formations, grade and continuity of deposits and metallurgical characteristics and operating costs.