Metal Bulletin
TINCO PROFILE: Rwandan tin producer eyes long-term growth
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Claire Hack

Tinco Investments is a Rwanda-focused tin and related metals producer that emerged four years ago from the ashes of a former Belgian colonial mine.

The company itself was created about 18 months ago, and production was re-established at five of Rwanda's largest historical mines.

It currently produces about 100 tonnes of 71% tin concentrates per month, and employs 5,000 people at its underground mines in the Rutongo area.

It is, according to ceo Brian Menell, the largest private sector employer in Rwanda, and the largest miner.

"This is a stepping stone to commercial development of a larger scale, world class resource in Rutongo," Menell told Metal Bulletin.

"We're turning it into a longer term producer, and we will commence the process of developing to higher levels of production over the next two years."

Eventually, Menell added, the aim is to bring production at the Rutongo mining operation to between 200 and 250 tonnes of tin concentrates per month.

Currently, the company sells exclusively to the Malaysia Smelting Corporation (MSC), and anticipates continuing to do so in the near term, but is also looking into developing local smelting capacity in Rwanda.

"We want to maximise our Rutongo tin mines, and we're also looking at one or two other projects in Rwanda and elsewhere," Menell said.

"We're working on a joint venture for a cassiterite project in South Kivu in the Democratic Republic of Congo [DRC], and we have two projects in South Africa that we're busy finalising the rights to."

The company is hoping to finalise the South African projects in terms of structure and rights within the next two months, and will begin the development phase shortly thereafter.

Expansion

Tinco also has the exclusive rights to explore the Aïr Mountains in Niger, which have significant large-scale potential, according to Menell.

"What we sought to do with Tinco when we created it was to [take advantage of] what we see as enormous potential for resource development of tin in Africa," he said.

"There's a very robust outlook for tin from a market demographic point of view, and also tungsten and tantalum."

Tin, according to Menell, has the most compelling market story in terms of its outlook, and is also a relatively underdeveloped resource in Africa.

Because TINCO's focus has been Africa and the expertise of its management team is on Africa, it will, for the moment at least, continue to expand there.

"To run off to Russia or Brazil would be ill-advised. What we would like to create is a listable vehicle over the next 18 months to two years," Menell said.

"It will be an opportunity for western investors to have some exposure to tin, which they haven't had. The reason for this is that the world of tin production has been dominated by Indonesia and China, which are not investor friendly, and Peru, which is private."

Off the radar

There have been no listed tin vehicles in recent months, and the soldering metal has not been adequately followed by financial institutions or analysts, according to Menell.

It has not generated the interest which he believes it to be worthy of, and has failed to pick up investment as a result.

"It just hasn't been on the radar screen. You can't really invest in it at the moment unless you want to make a play in the volatile [London Metal Exchange] market," he said.

"It is starting to appear on the radar now, though. More people understand the value of the outlook, and the constraints on the supply side."

The demand outlook, Menell said, continues to be robust as the metal is still required for solder and for electronic components. It is also increasingly used in packaging, and in certain chemicals and pharmaceuticals.

He conceded, however, that his belief in tin as an "exciting" metal did not emerge until after the purchase of the Rwandan mines.

"We learned about it as a result. It was an opportunistic acquisition, rising out of our position in the market," Menell said.

"We did learn about the market, though, and our outlook and appetite have risen out of being a producer."

There will, he further admitted, be some short term downside and ongoing volatility, as prices continue to fluctuate and economic uncertainty governs the market.

What price tin?

In the medium to long term, however, LME prices should reach a floor of about $22,000 per tonne, meaning there is more upside than downside.

"The run on prices went far too fast six months ago. Traders anticipated recovery that was not as robust as it looked," Menell said.

"The correction was reasonable, but it has probably gone too far in the other direction. We could even return to the levels we saw at the peak. I'm very confident in the market fundamentals."

The primary demand drivers are not especially price sensitive, he added, as minute quantities are needed for items such as circuit boards.

"[The volatility] doesn't really worry us. We see value appreciation of our resources and we're a long term developer," Menell said.

Tinco is currently funded purely by private finance, he said, and is still "a long way" from listing on a public stock exchange.

"We haven't achieved what we'd want to achieve to justify the value we aspire to, but the obvious markets would be London and Toronto. We will go down that route in the next two years," Menell said.

"I think we're positioned to consolidate not all but some of the desirable tin resources in Africa, and become an increasingly major source of supply in the global market in the coming decades."