



**BUSHVELD**  
MINERALS



BUSHVELD MINERALS

# Full Year Results 2022

Date: 21 June 2023

*Life. Powered.*

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Professor Richard Viljoen has more than 30 years' experience in the mining industry, including 15 years as chief consulting geologist for Gold Fields of South Africa. Notable past experience includes the development of significant mines including Northam Platinum and the Leeuodoorn and Tarkwa gold mines, identifying and developing a significant platinum deposit in the Bushveld Complex for Akanani Resources as well as acting as consultant for exploration and mining companies in Canada, Mexico, Venezuela, India and China in the fields of base metals, gold and platinum. Professor Richard Viljoen has extensive experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined under the JORC Code 2012. Professor Richard Viljoen consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Presentation of data unless specified otherwise variance analysis relates to the relative performance of Bushveld Minerals and/or its operations results.



**Michael Kirkwood**  
*Independent Non-Executive Chairman*

- Current chairman of corporate advisory firm Ondra LLP, Non- Executive Director of AngloGold Ashanti Holdings plc and Verita Healthcare Group
- Previously chairman of Circle Holdings plc
- Served on the boards of UK Financial Investments, Eros International plc, Kidde plc, and as Deputy Chairman of the PricewaterhouseCoopers Advisory Board
- Retired in 2008 after 31-year career with Citigroup, latterly as UK chairman



**Fortune Mojapelo**  
*Co-Founder and Chief Executive*

- Co-founder and CEO of Bushveld for over 11 years
- Co-founder and director of VM Investment (Pty) Ltd
- His corporate career started at McKinsey & Company as a strategy consultant
- Will be stepping down on 1 July 2023



**Craig Coltman**  
*Chief Executive Designate*

- Current chairman of De Beers Pension Fund
- Has vast experience in the mining industry
- Served 32 years with De Beers Consolidated Mines in operational and commercial most recently as Chief Financial Officer and Executive Director
- Appointed as CEO, effective from 1 July 2023



**Tanya Chikanza**  
*Finance Director*

- Qualified Chartered Accountant
- Spent 9 years at Lonmin Plc
- Prior to Lonmin, she was Executive Director at Smith's Corporate Advisory in London and Vice-President Corporate Finance at JP Morgan Cazenove

## 2022 performance

**3,842 mtV**

Record Production

↑ 7%

**US\$148.4 m**

Revenue

↑ 39%

**US\$14.6 m**

Free Cash Flow

↑ US\$33.9 m

**3,584 mtV**

Sales

↑ 8%

**US\$22.3 m**

Underlying EBITDA

↑ US\$29.8 m

**US\$10.9 m**

Cash & Cash equivalents

↓ US\$4.6 m

**US\$41.4/kgV**

Average realized price

↑ 29%

**(US\$24.0) m**

Impairment charges

**(US\$35.4) m**

Net loss

**US\$79.5 m**

Net Debt

↑ US\$10.6 m

## 2023 update

### Management changes

- Fortune Mojapelo will be stepping down as CEO
- Craig Coltman has been appointed as the new CEO

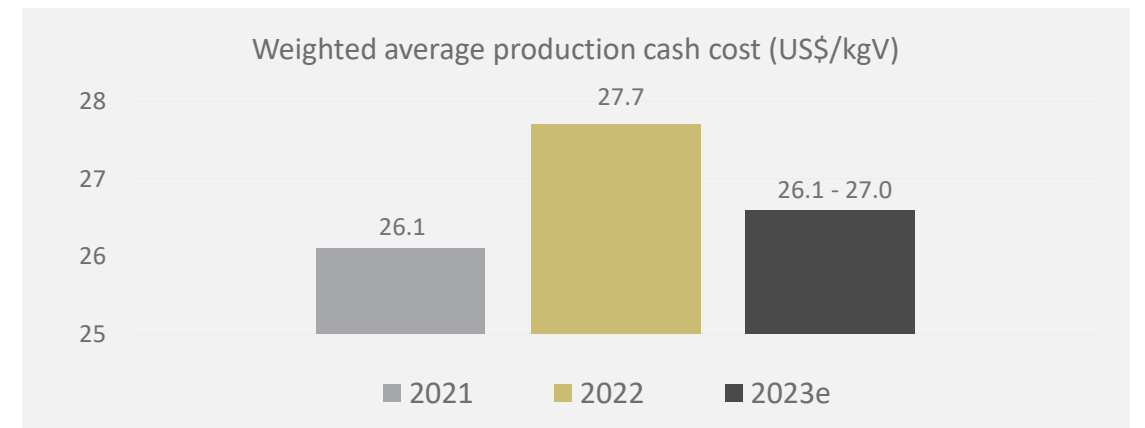
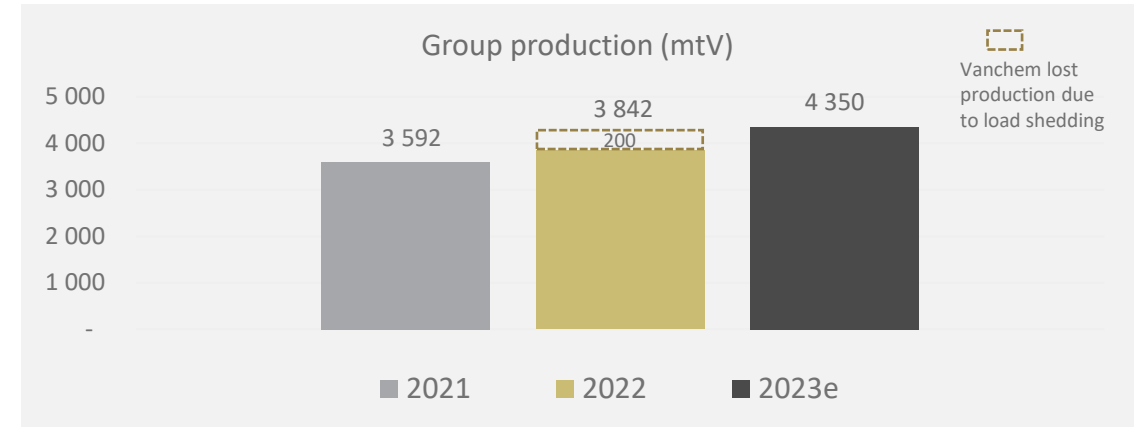
### Priorities

- Announced non-binding term sheet with Orion to refinance the US\$35m convertible loan note (CLN)
- On track to meet 2023 Group guidance
  - Production: 4,200 mtV - 4,500 mtV
  - Cost: US\$26.1/kgV US\$27.0/kgV, (ZAR447/kgV and 438/kgV)
- BELCO and the Vametco mini-grid expected to be operation during H2 2023
- Complete the Bushveld Energy carve-out

## 2022 Group production performance and 2023 update

- Production of 3,842 mtV (~200 mtV lost due to loadshedding)
- Weighted average production cash cost<sup>1</sup> (C1) of US\$27.7/kgV
- Secured a load curtailment solution between Vanchem and the municipality
- 2023 production guidance of 4,200 mtV - 4,500 mtV, 9 – 17% YoY
  - Secured third-party low-silica feed for Vanchem
- 2023 weighted average production cash cost<sup>1</sup> guidance (C1) of US\$26.1/kgV - US\$27.0/kgV

### 2022 Operational performance and 2023 Guidance



1. Weighted average production cash cost (C1): is the blended weighted average production cash cost (C1) of Vametco and Vanchem, divided by group production.



## Manufacturing

### CellCube

- In April 2023, Entered into an agreement to sell its entire interest in CellCube to Mustang Energy PLC (Mustang)
- Bushveld will hold a 21-23% interest in Mustang
- Complete the carve out during H2 2023



## Deployments

### Vametco Mini-grid

- Development of 3.5 MW of solar PV and 1 MW / 4 MWh mini-grid
- Currently under construction, expected to be in operation during H2 2023



## Vanadium electrolyte

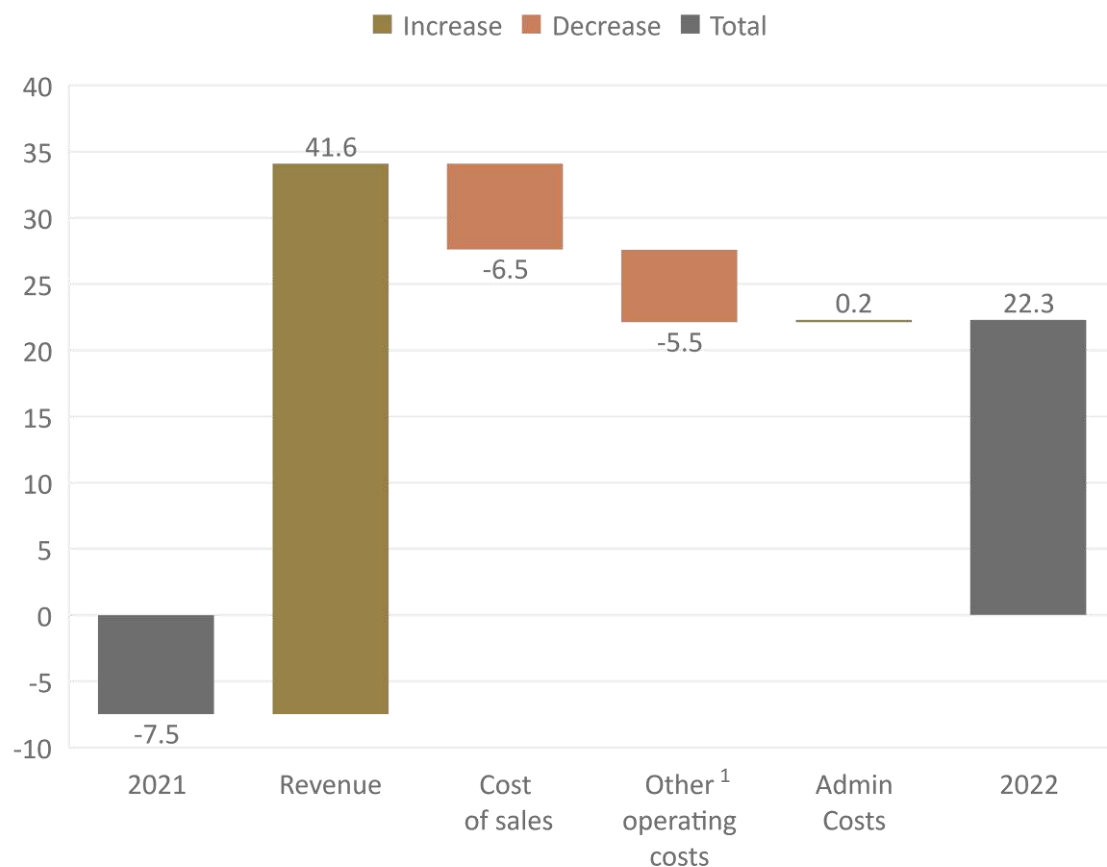
### Bushveld Electrolyte Company (BELCO)

- Commenced commissioning of 8 million litre electrolyte/200 MWh
- Expected to be in production in H2 2023
- Off-take and sale discussions are progressing

- *With the carve-out of Bushveld Energy, Bushveld Minerals will be well-positioned to optimise its financing while delivering stronger growth and margins*
  - *With a simpler structure, Bushveld Minerals will streamline its organisational model while retaining its vertical integration business model*

## 2022 Income statement

### 2022 Underlying EBITDA waterfall (US\$' million)



1. Other operating costs excluding impairment losses

US\$' million	Dec-2022	Dec-2021
Sales Volume (mtV)	3,584	3,314
Average realized price (US\$/kgV)	41.4	32.2
Revenue	148.4	106.9
Cost of sales excluding depreciation	(90.3)	(83.8)
Other operating costs and income (incl. impairment)	(40.0)	(12.8)
Administration costs excluding depreciation	(19.9)	(20.1)
Adjusted EBITDA	(1.7)	(9.9)
Add: Impairment losses	24.0	2.4
<b>Underlying EBITDA</b>	<b>22.3</b>	<b>(7.5)</b>
Depreciation	(18.5)	(19.4)
Operating loss	(20.1)	(29.3)
Other losses	(0.8)	(1.9)
Share of loss from joint ventures	(5.1)	(4.4)
Fair value gain on derivative liability	2.9	9.0
Net financing expenses	(13.7)	(12.4)
Loss before tax	(36.8)	(38.9)
Income tax	1.3	4.7
<b>Net loss for the year</b>	<b>(35.4)</b>	<b>(34.2)</b>

## 2022 Group total cost



- Cost of sales increased due to higher raw material, energy and personnel costs
- Other operating costs and income increased due to:
  - US\$21.5 million increase in impairment charges
  - US\$2.9 million increase in selling and distribution costs
  - US\$3.3 million increase in idle plant costs
- US\$1.5 million procurement cost savings in 2022
  - US\$2.8 million cost savings expected 2022-2023 in line with the US\$2.5- US\$4.0 million procurement cost savings target

US\$' million	Dec-22	Dec-21
Cost of sales (excl. depreciation)	(90.3)	(83.8)
Other operating costs and income	(40.0)	(12.8)
Administration costs excluding depreciation	(19.9)	(20.1)
<b>Total income statement cost excluding depreciation</b>	<b>(150.1)</b>	<b>(116.7)</b>
Total units sold (mtV)	3,584	3,314
<b>Cost per income statement per unit sold (excl. depreciation)</b>	<b>41.9</b>	<b>35.2</b>
Sustaining capital	(6.6)	(7.2)
<b>Total cost including sustaining capital</b>	<b>(156.7)</b>	<b>(123.9)</b>
<b>Cost per unit sold including sustaining capital US\$/kgV</b>	<b>43.7</b>	<b>37.4</b>



## Cash flow and capital expenditure

- US\$21.2 million **operating cash flow** supported by improvement in adjusted EBITDA
- US\$19.6 million cash used in **investing activities** (incl. sustaining capex):
  - Invested US\$18.2 million on property, plant and equipment
  - US\$1.2 million invested into Vametco mini-grid
- US\$5.3 million in **financing activities**
  - US\$5.9 million repayment for Nedbank RCF incl. interest
  - US\$2.9 million Orion PFA interest payment
  - US\$0.7 million repayment of the lease liabilities
  - US\$4.2 million inflow from the Industrial development corporation (IDC)

Capital expenditure (US\$' million)	2022	2023e
<b>Vametco</b>		
– Growth	-	-
– Sustaining	6.5	3.7 - 3.9
<b>Vanchem</b>		
– Growth	4.4	-
– Sustaining	0.1	3.2 - 3.4
<b>Bushveld Energy</b>		
– Growth	7.0	2.3 - 2.4*
– Sustaining	-	-
<b>Total</b>	<b>18.0</b>	<b>9.2 - 9.7</b>

\*Most of the spending will be on BELCO

US\$' million	Year ended 31-Dec-22	Year ended 31-Dec-21
<b>Operating loss</b>	(20.1)	(29.3)
<b>Impairment losses</b>	24.0	2.4
<b>Depreciation and amortisation</b>	18.5	19.4
<b>Other non-cash items</b>	(6.6)	-
<b>Changes in working capital and provisions</b>	6.2	(5.0)
<b>Taxes received / (paid)</b>	(0.6)	0.4
<b>Cash inflow/(outflow) from operations</b>	21.2	(12.1)
<b>Sustaining capital expenditures</b>	(6.6)	(7.2)
<b>Free cash flow</b>	14.6	(19.3)
<b>Cash used in other investing</b>	(13.0)	(10.0)
<b>Cash used in financing activities</b>	(5.3)	(7.0)
<b>Cash outflow</b>	(3.8)	(36.3)
<b>Opening cash and cash equivalents</b>	15.4	50.5
<b>Foreign exchange movement</b>	(0.8)	1.2
<b>Closing cash and cash equivalents</b>	<b>10.9</b>	<b>15.4</b>

## Net debt

US\$' million	Year ended	Year ended
	31-Dec-22	31-Dec-21
Nedbank revolving credit facility	-	(5.8)
Orion Production Financing Arrangement (PFA)	(35.1)	(33.5)
Orion Convertible Loan Note	(39.7)	(36.3)
IDC Loans	(5.5)	(3.3)
Other	(2.8)	(1.0)
Lease liabilities	(7.3)	(4.5)
<b>Total debt</b>	<b>(90.4)</b>	<b>(84.4)</b>
Total debt excluding PFA	(55.3)	(50.9)
Cash and cash equivalents	10.9	15.4
<b>Net debt</b>	<b>(79.5)</b>	<b>(68.9)</b>
<b>Net debt excluding PFA</b>	<b>(44.4)</b>	<b>(35.4)</b>

## Debt obligations of c.US\$45 million due in November 2023 (incl. accrued interest)

- 10% of the CLN (c. US\$4.5 million) to be turned into a subscription for shares at 6p/share<sup>1</sup>
- 30% of the CLN (c. US\$13.5 million) to remain a CLN
  - Interest: 12%
  - Exercise price: 8p
  - Maturity Date: 30 June 2028
- 60% of the CLN (c. US\$27 million) will be converted into a 3-year term loan
  - Interest: 6.0% + the greater of (i) 3-month SOFR<sup>2</sup> and (ii) 3.0% per annum
  - Interest payable quarterly in arrears in cash
  - Principal repaid in tranches
- Supplemental production financing agreement ("PFA") at not more than 0.22% of gross revenues - reducing by 80% at loan maturity

### Conditions Precedent to completion

- Shareholder approval
- Consent by the Financial Surveillance Department of the South African Reserve Bank
- Entry into definitive legal documentation

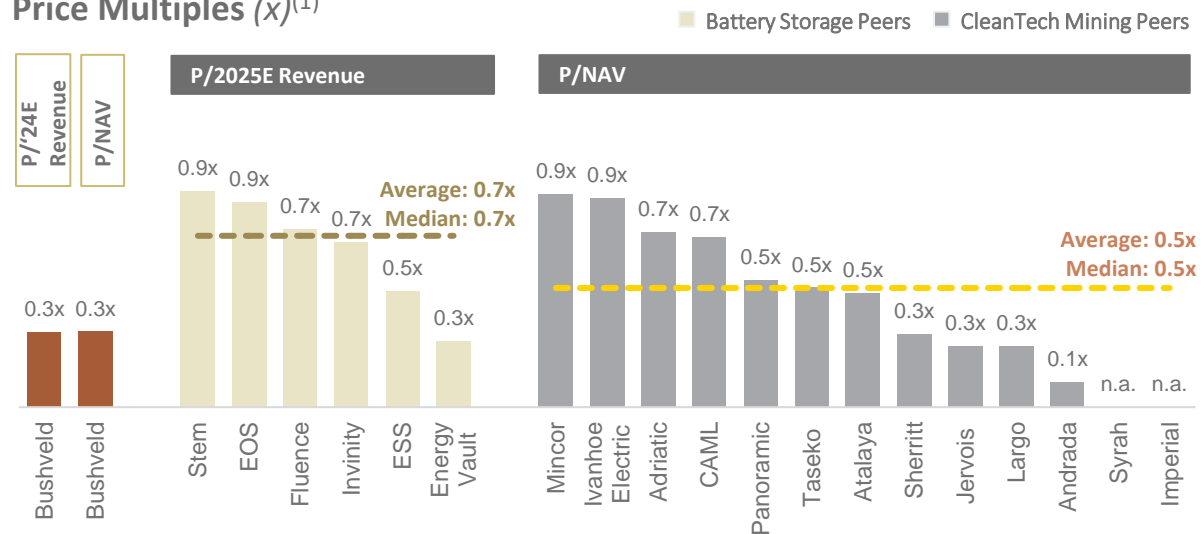
1. To be estimated using the foreign exchange rate at the time of closing.

2. Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

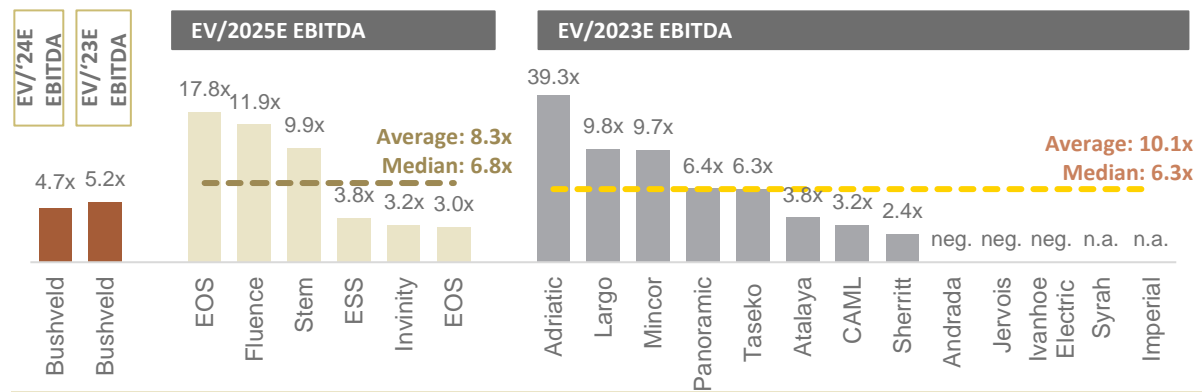
Bushveld is trading at a significant discount in comparison to peers and the brokers target price



### Price Multiples (x)<sup>(1)</sup>



### EV/EBITDA (x)<sup>(1)</sup>



### Broker Price Targets

Broker	Price Date	Rating	Target Price (p/sh)
Alternative Resource Capital <sup>1</sup>	10/05/2023	-	14.0p
RBC Capital Markets	05/05/2023	Sector Perform	7.0p
BNP PARIBAS EXANE <sup>1</sup>	26/05/2023	-	4.8 - 6.8p
<b>Average</b>	-	-	<b>~8.9p</b>

Broker research  
1. Bushveld Minerals pays for research

**Focus on efficiencies and cash generations to underpin the Company's investment proposition**

Broker research and S&P Capital IQ as at 12.06.2023  
(1) 2024 revenue and EBITDA applied as a proxy for Bushveld



## A GREEN, FUTURE-FOCUSED COMMODITY, WITH ATTRACTIVE FUNDAMENTALS

- Demand for vanadium from the steel sector, is expected to increase at a Compound Annual Growth Rate (CAGR) of 3.1% through to 2030<sup>1</sup>
- Vanadium demand from VRFBs is expected to grow by a CAGR of 41% by 2031<sup>2</sup>



## OUR MISSION IS TO BECOME A LEADING VANADIUM COMPANY

- 1 of only 3 operating primary vanadium producers
- Owns 2 of the world's 4 operating primary vanadium processing facilities
- Offers a diversified vanadium product portfolio
- Significant interest in a downstream vanadium-based energy storage platform



## WE HAVE INVESTED SUBSTANTIAL LONG-TERM CAPITAL

- Targeting a sustainable production run rate of 5,000 to 5,400 mtV over the near-term
- Focus on continuously improving efficiencies and driving cost saving initiatives



## SOLID ASSET BASE AND POTENTIAL TO GROW PRODUCTION

- Our 546 Mt (100% basis) JORC-compliant resource is one of the world's largest primary vanadium deposits and it offers significant growth potential



## SIMPLIFICATION OF THE GROUP STRUCTURE TO DELIVER SIGNIFICANT BENEFITS

- The carve-out of Bushveld Energy, will allow the new entity to attract the appropriate investors and achieve the appropriate market valuation



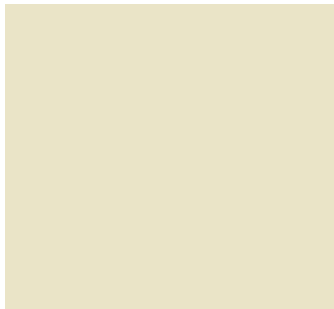
## IMPROVED CAPITAL STRUCTURE FOLLOWING THE CONVERTIBLE LOAN NOTE RESTRUCTURING

- Restructuring of the Orion convertible loan note will help reduce the overhang on the stock from potential dilution.
- Determine a sustainable capital structure in relation to the Group's operations and longer-term growth ambitions.

*The upside potential of Bushveld Minerals' high-grade deposits and processing facilities offers investors an attractive opportunity to gain exposure to vanadium through our vertically-integrated model*

1. Project Blue, April 2023

2. Guidehouse Insights, White paper, Vanadium Redox flow Batteries, 2022



## FULL YEAR RESULTS : APPENDIX

	Overview	Upside	Downside
<b>Short-term outlook</b>	<p>Positive short-term outlook for vanadium supported by:</p> <ul style="list-style-type: none"> <li>improved prospects for China’s construction &amp; property sectors after the relaxation of zero-COVID policy, and</li> <li>a positive outlook for VRFBs.</li> </ul> <p><b>Demand</b> in the USA continues to be robust, with European demand more subdued.</p> <p>Global <b>supply</b> appears adequate, while inventories have been declining since the end of Q1 2023.</p>	<p>Geopolitics impacting supply.</p> <p>Stronger global demand, owing to an improved macro-outlook.</p>	<p>China’s growth expectation is clipped by a resurgence of COVID or geopolitical/economic factors.</p> <p>Global inflation/macro environment pushes down demand in the rest of the world.</p>
<b>Medium-term outlook</b>	<p>The market is expected to grow at a CAGR of 4.7%.</p> <p>Demand for vanadium in steel is set to increase at 3.6% p.a., supported by higher intensity of vanadium use.</p> <p>35.0% per year growth in VRFBs to 2028, with demand to be driven by China.</p>	<p>The announcement of multiple large-scale VRFB deployments.</p> <p>New applications for vanadium are discovered and add demand pressures.</p>	<p>Lower-than-expected demand from the battery sector.</p> <p>High-case scenario secondary material or higher coal stone output causes oversupply.</p>
<b>Long-term outlook</b>	<p>Demand from the steel sector is expected to increase at a CAGR of 1.5%, underpinned by increased intensity of vanadium use in steel in China and developing countries.</p> <p>Steady commercialisation of VRFBs from the mid-2020s onwards, growing in scale over the net-zero horizon, which will result in a long-term CAGR of 12.6%.</p>		<p>A few large-scale projects add to supply, flattening the cost curve and stabilising prices.</p>