

Tormont50: Identifying timely topics and trends in the sub-\$300 million market.

Research Type: **Update**

Timeliness: **Near-term**

Date: **June 28, 2018**

Mineworx Technologies Ltd.

MWX \$0.12

TSXV Exchange | OTCQB: MWXRF | FSE: YRS | Market Cap \$ 35.9M

Update: On June 7, 2018, Mineworx held a live webinar to update investors on the status of the JV pilot project with EnviroLeach Technologies at Jabil's Tennessee facility. The call featured a detailed description of the initial setbacks and the suggested solutions, along with an extensive Q&A. The session was very well attended, with several hundred participants.

For those who have not followed the recent events at the company, a brief revisit of the last few months is in order, particularly given the significant and opportunistic pullback in the stock due to the delays in the pilot plant.

Nature of the Delays: As late as last February, the partners still believed that they could reach their specification parameters in March. Complete site acceptance is the ultimate goal, because that will set in motion the potential for additional plants at contract manufacturer sites and also smooth the way for development of the JV-owned plants, such as the first independent plant slated for Vancouver.

First off, it should be noted that the wet-side chemistry (the EnviroLeach part of the process) worked perfectly. In fact, **the wet-side chemistry actually exceeded expectations, so that portion of the technology can be considered read to go.**

Reminder: This initial commercial plant is the first of potentially more than 100 similar sites worldwide in conjunction with both electronics manufacturers and JV-owned facilities run by Mineworx/EnviroLeach. Fine tuning the configuration is especially important to create a viable and replicable blueprint for future locations. In terms of this multiyear timeline, investors currently have just months to wait before seeing results from the 2.0 version of the technology.

with higher steel content exposed the requirement that in order to have the flexibility to process different types of materials, modifications to the front-end of the line were needed in order for the wet side to maximize the recovery process. After the problem was identified, the engineers came up with a solution that involved the recalibration of existing equipment plus the addition of new equipment.

While disappointing to investors who had hoped for rapid success, these kinds of tweaks are part of the learning process for any new technology. In this case, the partners gained valuable knowledge concerning the interaction between the agitation, pumping and filtration – and how each step affects other steps in the process. The



The issue during the test phase was on the dry side of the line, which is managed by Mineworx. Specifically, the team discovered that the original design was not efficient enough to handle a sufficiently wide range of feedstocks of the type that might be encountered in the future supply chain. This unanticipated issue was fairly easy to explain – the dry-side line was designed based on the original test feedstock in the 1st prototype plant, however, at the Nashville site a much broader range of feedstock was introduced that was more varied and contained a much higher steel content, which reduced the efficiency of the line.

The Solution: The introduction of feedstock

engineers essentially solved the process problem in March, but not the speed part of the equation, which required additional equipment. That equipment was ordered from European suppliers, which accounts for a portion of the current delay.

A Glass Half Full or Half Empty? This really isn't an actual question, because the companies' first commercial E-Waste processing plant is well past the half way point in terms of testing and will be in production test-mode within weeks. The rough treatment of the Mineworx and EnviroLeach shares is rather frustrating for anyone who believes in the potential of the technology, but this selling also spells opportunity for those who missed the initial move. Ironically, the story is actually even better than before, because the knowledge gained during the first run will enable the plant to handle a much broader range of feedstock materials, increasing the sources of revenue in the future. This is not speculation, but commentary directly from the engineers.



Consider that Mineworx shares are trading under the price they reached just days after the original breakout and 70% off of the high, making this a compelling pull-back opportunity. This price weakness is fear driven – by potential delays, worries about a funding, or the ultimate fear that the process will not work. Nothing in the testing would indicate that the technical hurdles cannot be overcome when the new equipment gets plugged into the line. **So, this share price ignores the possibility that the new modifications could lead to a broader range of materials and surpass the recovery rates and economics of the original process.** Under that scenario, this isn't just a glass more than half full, but an even bigger glass.

In hindsight, performing this kind of final stage testing at the customer site might not have been ideal, but the three participating partners have an equal commitment to make the technology work. It should be remembered that this is not the first “revolutionary” process to be tested by electronics manufacturers or even this partner, though it is certainly the most effective, the greenest, and the closest to commercial viability.

What's Next: The delays and new equipment are going to cause some cost overruns, but those totals will be considered irrelevant if the process works as planned. With all of the design modifications completed and the equipment scheduled for arrival and implementation in a matter of weeks, the Tennessee plant should be running batches in full test mode by late summer.

Investors face the unusual conundrum of having three cooks in the kitchen, with Mineworx and EnviroLeach putting out their own independent updates and appearing at different conferences, while working with a dramatically larger partner who would just as soon complete the work in stealth mode. Clearly, for Mineworx and EnviroLeach, that is impossible, but a lack of news in this case should not be construed as a lack of progress. This project is moving forward and the outcome could be even better than first projected, so while the risks have not been resolved, the story is actually better in terms of revenue potential. Given the extreme

selling, we urge investors to reconnect with Mineworx during this pause in what could become a multi-year growth story.

Tormont50 Research

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