

## FIRST LIGHT

### Jubilee Metals (JLP) – Corporate – Large copper tailings project in Zambia – staged expansion for Sable

Market Cap £82m Share Price 3.8p

Jubilee announced yesterday that it had secured a JV with a private company - Star Tanganika – for the rights over a copper project at Ndola in Zambia. The purchase price was \$5m (\$0.6m in cash the rest in shares in Jubilee) which will be used to advance a further potential copper tailings project held by the owners of Tanganika. Jubilee will provide all of the operating and capital funding for the first phase project and will receive 75% of the project earnings until all capital is recovered dropping to 60% after that – Jubilee will also have first right of refusal over the copper-bearing concentrates produced on 3<sup>rd</sup> party offtake terms.

The news is part of a wider focus on Zambia and copper by Jubilee. Copper tailings projects can be very lucrative (e.g. Central Asia Metals, AIM:CAML, No Rec) and the Copper Belt in Zambia / DRC hosts some of the world's highest grade copper deposits (and therefore tailings deposits) – if you want grade, there is nowhere else you would rather be. This plays to Jubilee's strengths with its proprietary technology and people used to recovering additional value at the edges. The robust plan is aggressive, but stepped and nothing less ambitious than Jubilee has already achieved in South Africa:

- 1) Secure 3<sup>rd</sup> party feed now within the Sable Refinery local catchment area to drive the expected short term growth in copper production. Also to implement strategically located copper ore upgrade facilities and at the same time work up the JV (**Project "Roan"**) which Jubilee is capable of funding from its growing cash flow;
- 2) Commission Project Roan which, when combined with secure 3<sup>rd</sup> party offtakes, could increase copper production to the 14kt/a copper cathode level at Sable Refinery and;
- 3) Build the large volume tailings project (aptly named **Project "Elephant"** at a likely grade of around 0.35% Cu) to allow for a further ~10kt/a copper expansion to a resulting 25kt/a copper cathode.

**WHI View:** The Sable Copper (cobalt) plant in Zambia is up and running and producing copper (and cobalt) from Jubilee's own (small) tailings resource and growing production. The plant is established and what is required now is a secure, regular source of feed to increase production towards the 14kt/a cathode

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capacity in the Sable plant. Yesterday's announcement goes a long way to making that happen. The extension tailings project would also enable Jubilee to expand production in Zambia further – to make it a producer of significant scale. With operating costs (including ore purchase costs) expected to be ~\$2/lb copper produced, at capacity producing 14kt/a copper, Sable will have a gross profit of ~\$30m at our long-term copper price forecast of \$3/lb. Any further scale up will have a positive, progressive impact on revenues and cash flow generation.

*Jubilee is now back at full production in South African from its chrome and PGM recovery plants – with the PGM price still at decade highs and generating significant cash flow for the company. Jubilee reports that it currently has £9.2m in cash which gives it a buffer for its expansion plans. This year is a time for Jubilee to exploit its strength and set itself on its next phase of growth.*

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Speculative Buy	0	0.0	0	0.0
Outperform	2	3.4	0	0.0
Market Perform	0	0.0	0	0.0
Underperform	0	0.0	0	0.0
Sell	0	0.0	0	0.0
<b>Total</b>	<b>58.0</b>	<b>100.0</b>	<b>56.0</b>	<b>100.0</b>

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Company Name	Table of interest number	12-month recommendation history	Date
Jubilee Metals (JLP)	2,3,4,5,7	Corporate	28.01.20

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