

FIRST LIGHT

Jubilee Metals (JLP) – Corporate – Offtake agreement for chrome and a new processing facility

Market Cap £112m Share Price 5.3p

Jubilee announces today it has both acquired a new chrome processing facility in South Africa (Windsor 8) from a private group in South Africa and arranged an offtake agreement that fully fills its existing Windsor Chrome circuits for the next three years. Jubilee will operate Windsor 8 and make circuit changes to maximise recoveries – Jubilee commits to spending £0.44m to upgrade the plant but is entitled to this (plus interest) back before sharing earnings from the JV on a 70:30 basis with its JV partner. “Windsor 8” is located ~50km from Windsor towards Rustenburg along the Western Limb of the Bushveld complex in the heart of the Bushveld chrome resources – extending Jubilee’s reach for further potential parcels of additional material further west.

Under the agreement Jubilee will have sufficient material to produce 40kt/month chrome concentrate from its existing Windsor circuits. It will also add a new plant – “Windsor 8” to its portfolio. This new plant has the capacity to produce an additional 35kt/month chrome and is *“strategically located to provide Jubilee with more opportunities to secure further third party ROM supply and associated PGM material”*. At the current low point in the chrome cycle Jubilee has locked in a margin on the chrome concentrate produced, but will gain access to any upside.

WHI View: The deal shows the opportunities within South Africa which we highlighted in our full note (08/07/2020) and the potential to increase profits further from its operations in country. This is a meaningful addition to Jubilee’s chrome production raising production from ~55kt/month (from Windsor and Inyoni) to ~85kt/month. At some point in the chrome cycle this additional production will become very meaningful and Jubilee is primed to take advantage. In our view, the key thing that today’s news provides is not only the strategic move to lock in a positive margin for its chrome operations in a time when the industry peers battle to maintain positive margin but more importantly and with significant earnings potential is the increased access to the PGM-rich tailings where Jubilee is making its biggest profits at the moment – this agreement guarantees security of supply of that material. We make no changes to our

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WH Ireland Limited, 24 Martin Lane, London, EC4R 0DR, tel. 020 7220 1666

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forecasts today as we consider the additional production, but note that this will have a positive impact on earnings

Paul Smith
Analyst
paul.smith@whirelandcb.com
0113 394 6609

Contacts

Research

John Cummins		020 7220 1755	john.cummins@whirelandcb.com
Matthew Davis		0113 394 6620	matthew.davis@whirelandcb.com
Brendan Long	Oil & Gas	020 7220 1694	brendan.long@whirelandcb.com
Paul Smith	Mining	0113 394 6609	paul.smith@whirelandcb.com
Nick Spoliar		020 7220 1761	nick.spoliar@whirelandcb.com
Jason Streets		020 7220 1693	jason.streets@whirelandcb.com
Susanna Virtanen		020 7220 1674	susanna.virtanen@whirelandcb.com

Sales & Trading

David Kilbourn		020 7398 1106	david.kilbourn@whirelandcb.com
Harry Ansell		020 7220 1670	harry.ansell@whirelandcb.com
Dan Bristowe		020 7220 1648	daniel.bristowe@whirelandcb.com
Melvyn Brown		020 7220 1688	melvyn.brown@whirelandcb.com

Corporate Broking & Investor Relations

Adam Pollock		020 7220 0482	adam.pollock@whirelandcb.com
Jasper Berry		020 7220 1690	jasper.berry@whirelandcb.com
Hayley Mullens		020 7220 1695	hayley.mullens@whirelandcb.com
Aimee McCusker		020 7398 1136	aimee.mccusker@whirelandcb.com
Alex Carroll		0207 220 1663	alex.carroll@whirelandcb.com

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Speculative Buy	0	0.0	0	0.0
Outperform	2	3.5	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
Total	57.0	100.0	55.0	100.0

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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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