

## MORNING COMMENT

### CORPORATE

Share Price 13.4p

Reuters/BBG	JLP.L / JPL LN
Index	FTSE AIM
Sector	Mining
Market Cap*	£286m

### Jubilee Metals

#### Strong FY first half performance

Jubilee put out an intraday press release yesterday updating on the performance in the first half (ending Dec 2020) of the FY 2021. Once again Jubilee delivers; significantly increased revenues and profits from its chrome and PGM division in South Africa and a small, but important, contribution from Zambia. Notably this improvement isn't just from commodity price performance; rather increased production, productivity, throughput, renegotiated contracts and all set alongside the strong performance of commodity prices – rhodium, palladium and platinum. We see this as still only the start for Jubilee as we look forward to the first copper oxide concentrates from the Roan project in Zambia to the Sable Refinery – where the Roan plant is currently under construction. Once again we are struck by the speed at which Jubilee moves to advance its projects and, with its South African cash engine showing no signs of slowing down. Jubilee can choose to move its wider ambitions in Zambia forward from internally generated cash flow. On the back of the strong performance we put our forecasts under review.

**Strong performance – headline figures** Overall revenues were up 64% over the previous half (ending June 2020), with attributable earnings up 122% over the same period to £28.4m. Remember, these are at repeatable production levels with costs under control.

- Chrome production up to 320kt for the half (up 66% over the preceding half). Attributable earnings of £1m. Renegotiated contracts for a guaranteed margin, plus expansions at Inyoni and the addition of Windsor 8 will see the importance of chrome rise to Jubilee. Remember the removal of chrome is a necessary first step in upgrading the resulting tails for recovery of PGMs – that Jubilee is making a profit on what is essentially a pre-concentration step is exceptional.
- PGM production at 28.2koz for the half and an increase of ~40% over each of the preceding two halves. With cash costs of just over \$500/oz and a record basket price, attributable earnings rose to £27.4m. An expansion at Inyoni to process more tailings arising from production (at Windsor, Windsor 8 and Inyoni plus small quantities of trucked in material from DCM) will not only extend the life of Jubilee's own existing tailings resources at Inyoni but also help to increase production further. With PGM prices expected to remain strong, the PGM production of Jubilee is a real asset.
- Copper production at Sable was modest as Jubilee fully commissions the Sable Refinery but did generate operating earnings of £1.8m. However, copper is where we see the exciting medium-term future for Jubilee.

**Copper strategy the focus for growth over the medium term** The Sable refinery has no captive copper mines and so, to provide raw material, Jubilee has signed JV agreements to recover copper from dumps (and ROM) at 3 sites in Zambia. The first (Project "Roan") is under construction, with first copper expected end of Q1 2021 and will be capable of supplying ~10kt/yr of copper to Sable. This will be followed by Project "Elephant", and other projects, to allow for an expansion of Sable to a planned 25kt/yr. The revenues from copper will be significant and we expect could match (or exceed) those from the PGM business

**Jubilee has a compelling investment case.** A strong technical management and the ability to both strike deals and to move projects along at a fast pace, differentiates Jubilee, in our opinion, against many of its peers. On the back of yesterday's update we place our numbers under review as we seek to fully understand the effects of the pace of change against a strong commodity price environment and how it impacts on our forecasts.

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#### Analyst

Paul Smith  
+44 (0) 113 384 6609  
paul.smith@whirelandcb.com

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

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## 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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Corporate	56	96.6	56	100.0
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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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