

14<sup>th</sup> October 2020

## Sector: Mining

### Commodities:

Chrome, PGMs, Zinc, Lead, Vanadium, Copper and Cobalt

## Market data

Ticker	JLP
Price (p/sh)	6.15p
12m High (p/sh)	6.44p
12m Low (p/sh)	1.85p
Shares (m)	2112.5m
Mkt Cap (£m)	129.9m
Markets	AIM & JSX



Source: LSE

## Description

Jubilee Metals Group plc ("Jubilee" or "JLP") is a Johannesburg and London based mine waste processing and metals recovery company listed on AIM (JLP) and the JSE (JBL). The company has operating assets in South Africa and has recently expanded its footprint to Zambia.

[www.jubileemetalsgroup.com](http://www.jubileemetalsgroup.com)

## Board & key management

Non-Exec Chairman	Colin Bird
Non-Exec Vice Chair	Dr Phosa
CEO	Leon Coetzer
NED	Christopher Molefe
NED	Nicholas Taylor
Technical Director	Evan Kirby

## Analyst

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# Jubilee Metals Group

## Q3 firing on all cylinders

JLP has released an operational update for Q3-2020. The results demonstrate an unequivocal return to full operational status following Covid-19 disruption. Not only that, but the Q3 results have set another high bar with record production and financial performance. Despite Covid related uncertainty, JLP's PGM and chrome strategy is starting to bear fruit. This is on the back of the expansion of feed supply via the acquisition of PGM and chrome rights coupled with operational efficiencies. In Zambia, the company is making good progress on its copper expansion strategy.

- ▶ **Record production and financial performance.** Although JLP now reports operations on a six-monthly basis, the company has released Q3-2020 results to demonstrate that operations are back to full strength after Covid related interruptions. It's another quarter of records, the highest quarterly PGM production to date (15,044ozs), highest quarterly chrome production (136,162t), record quarterly group revenue (£23.1m) and record operational earnings (£15.1m). To put this into perspective, Q3-2020 earnings are 18.8% higher than for the entire H1-2020 period.
- ▶ **Year-on-Year view.** It continues to be instructive to compare JLP's performance on a year on a year basis (versus Q3-2019). By this metric, Q3-2020 shows exceptional growth: **PGM** ounces 15.0koz ↑57%, PGM revenue £17.7m ↑139%, PGM earnings £13.9m ↑274% and in the **chrome** division: chrome tonnes 136,162t ↑44%, chrome revenue £5.4m ↑274% and positive chrome earnings of £1.26m from a loss of £0.2m in Q3-19. **Combined:** revenue £23.1m ↑85% and earnings £15.2m ↑331%.
- ▶ **The low-down.** The marked improvement is due to several factors. Firstly, the appreciation in the PGM basket price has a major impact. Based on a typical prill split for Inyoni, we calculate that the PGM basket price in Q3-2020 was c.US\$1,530/oz, ↑57% from Q3-2019. Secondly, JLP has successfully implemented operational efficiencies at all projects. Thirdly, the results reflect a full contribution from the Windsor PGM, Windsor Chrome and Inyoni Chrome operations. This is in conjunction with the acquisition and chrome and PGM rights securing long-term third-party ore supply. It is also encouraging that the chrome division is back in the black despite chrome prices still being subdued.
- ▶ **Operating during the Pandemic highlights JLP's strength.** JLP runs reprocessing operations, which means no primary mining and no large labour force. Consequently, the company was able to rapidly restart and ramp-up operations whilst other mining companies are still dealing with significant disruption.
- ▶ **Zambia plan is crystallising.** The copper ore upgrade facility at the Sable refinery is nearing completion and the company continues to gain traction with implementing the recent acquisitions; Project Roan and Project Elephant. JLP will construct and own a processing facility at Project Roan and long-lead time items have been ordered. The aim is to produce 10ktpa of equivalent copper units of copper concentrate for further refining (at Sable). At Project Elephant, studies are ongoing with a view to unlocking 150Mt of surface copper tailings. All this adds to JLP's long-term production target of 25ktpa copper units. The company's timing looks spot on with copper currently at a 2.5-year high.

JLP continues to pursue an aggressive expansion strategy, but we continue to be encouraged by the speed with which the company brings expansions and acquisitions to account. New projects and feed sources are rapidly bedded down to bolster the company's production baseload and the strategy to build a sustainable business goes from strength to strength. This is reflected in JLP's share price, up 220% from Covid lows in March.

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