

# JUPITER MINES LTD (JMS)

# Commences feasibility for 50% production expansion

Jupiter Mines Ltd (JMS) has announced that Tshipi is proceeding with a feasibility study to expand production to 4.5Mtpa (from 3.0Mtpa). Capex is estimated around (+/30%) ~1b rand (~A\$100m, JMS share ~A\$50m). The study is expected to be completed end CY20.

It is planned that production will be ramped up slowly (over three years), which makes sense for cash flow but also for market digestion. The expansion adds  $\sim$ 3% to global supply, which is modest but not immaterial.

# Strong economics, on paper

The expansion economics could be very strong, although there is no operating cost guidance. In simplistic terms, it could cost JMS shareholders A\$50m to increase EBITDA (base case) by ~A\$40m pa. On a DPS basis, the one-off cost is ~2.5cps (pre-tax, ~1.6cps post tax) for an annual DPS increase (base case) of ~1.5cps. The Tshipi estimated reserves (100%) are ~94mt and resources are 432Mt, so the reduction in mine-life from an expansion is nearly meaningless from an NPV10 perspective. We assume capex can be easily financed with cash flow, although a debt facility would be nice if it could be arranged to have no impact on dividends.

# Hartleys still assumes 1.5cps final DPS

We maintain our FY20 final DPS estimate of 1.5cps. Spot manganese prices have continued to rally. We estimate that on spot manganese prices, JMS can sustain a 2-2.5cps annual dividend, rising to 4cps after the expansion.

# Retain Buy recommendation

Although at an early stage, we have incorporated the expansion into our model. For conservatism though, we don't assume production reaches 4.5mtpa until FY25 and we have increased capex well above indicative guidance (but spread it over a longer duration). Our base case valuation increases by around 7cps. We view this as a highly risked attribution, and if the project becomes de-risked we would expect our valuation increases further. Our new base valuation is 47cps. Our spot valuation is 41cps. We have a 46cps twelve month target + 3.0cps DPS (1.5cps + 1.5cps).

## Fig. 1: Hartleys medium term earnings changes

Tshipi (49.9%)	Unit		28 Feb 23			29 Feb 24			28 Feb 25	
		Old	New	% chg	Old	New	% chg	Old	New	% ch
Production (100%)	Mtpa	3.0	3.4	14.4%	3.0	4.2	38.6%	3.0	4.5	48.5%
Received Price	US\$/dmtu	4.2	4.2	0.0%	4.2	4.2	-0.2%	3.9	3.9	0.0%
AUD	US\$/A\$	0.73	0.73	0.0%	0.74	0.74	0.0%	0.74	0.74	0.0%
ZAR	Rand/US\$	14.7	14.7	0.0%	15.2	15.2	0.0%	15.8	15.8	0.0%
Tshipi Revenue (49.9%)	A\$m	310.5	355.3	14.4%	309.5	428.3	38.4%	289.3	429.6	48.5%
	ZARm	3342.6	3825.3	14.4%	3471.6	4805.0	38.4%	3388.1	5030.8	48.5%
Tshipi Cash Costs (49.9%)	A\$m	-198.5	-229.2	15.5%	-192.3	-275.9	43.5%	-185.9	-286.0	53.8%
	ZARm	-2136.5	-2466.9	15.5%	-2156.8	-3095.3	43.5%	-2176.9	-3348.5	53.8%
	ZAR/t	-1425.8	-1439.1	0.9%	-1439.3	-1490.0	3.5%	-1452.7	-1504.9	3.6%
Tshipi EBITDA (49.9%)	A\$m	112.0	126.2	12.6%	117.2	152.4	30.0%	103.4	143.7	38.9%
- margin		36%	36%	-1.6%	38%	36%	-6.1%	36%	33%	-6.5%
Tshipi, 100%, EBITDA	A\$m	224.5	252.9	12.6%	234.9	305.4	30.0%	207.3	287.9	38.9%
Tshipi, 100%, Cash dist	A\$m	131.1	123.4	-5.9%	157.1	177.3	12.9%	137.2	195.3	42.39
% of EBITDA		58%	49%	-16.4%	67%	58%	-13.2%	66%	68%	2.5%
Tshipi, 100%, Cash dist	ZARm	1,411	1,328	-5.9%	1,762	1,989	12.9%	1,607	2,287	42.3%
Tshipi, 100%, EBITDA	ZARm	2417.1	2722.2	12.6%	2634.9	3426.2	30.0%	2427.3	3371.3	38.9%
Tshipi, 100%, EBITDA	US\$	164.6	185.4	12.6%	173.5	225.6	30.0%	153.4	213.0	38.9%
Tshipi NPAT (49.9%)	A\$m	75.6	85.8	13.5%	84.4	109.7	30.0%	74.5	103.4	38.9%
payout		87%	72%	-17.1%	93%	81%	-13.2%	92%	94%	2.5%
DPS		0.030	0.025	-16.7%	0.035	0.040	14.3%	0.030	0.045	50.0

Source: Hartleys Estimates

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# JMS.asx

	7 Jan 2020
Share Price	\$0.290
Valuation	\$0.47
12mth price target	\$0.46
Brief Business Description	

Manganese producer in Sth Africa (via 49.9% interest in Tshipi mine)

#### Hartleys Brief Investment Conclusion

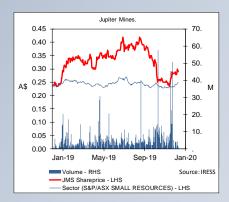
Long mine life, low cost and highly incentivised management for shareholder friendly capital management. Risks are Sth Africa sovereign risk & manganese price volatility.

#### Chairman & MD

Brian Gilbertson (Chairman)	
Priyank Thapliyal (CEO)	
Top Shareholders	
AMCI	17.2%
Stichting Pensioenfonds	12.9%
Posco	6.9%

#### Company Addres

Company Address			
Level 10, 16 St George	es Terrace		
Perth WA, 6000, Austr	alia		
Issued Capital			1959.0m
- fully diluted			1959.0m
Market Cap			A\$568.1m
- fully diluted			A\$568.1m
Cash (30 Nov 19p)			A\$92.7m
Debt (30 Nov 19p)			A\$0.0m
EV			A\$475.4m
	Mt	Mn grade	
Resources (Mt)	431.7	33%	
Reserves (Mt)	94.24	36.49	



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Jupiter Mines Ltd JMS					
ey Market Information					
are price					A\$0.29
ued Capital					1959.0m
tions, performance rights and p					0.0m
tions, performance rights and p ued Capital (fully diluted inc. all		ires			0.0m
ued Capital (fully diluted inc. all ued Capital (fully diluted inc. all		new canital)			1959.0m 1959.0m
et Cash	options and	new capital)			\$92.7m
velve month price target					A\$0.46
aluation				_	A\$0.47
hipi (49.9%)	Unit	28 Feb 18a	28 Feb 19a	29 Feb 20f	28 Feb 21f
nipi Revenue (49.9%)	A\$m, CFR	371.4	497.9	373.1	347.9
hini Cash Costs (49.9%)	ZARm A\$m CFR	3659.7 -214.2	5079.4 -236.4	3760.9 -206.8	3555.6 -209.6
hipi Cash Costs (49.9%)	ZARm	-2110.8	-2411.8	-2083.9	-2142.2
nipi EBITDA (49.9%)	A\$m	157.2	261.5	166.4	138.3
nargin		42%	53%	45%	40%
nipi, 100%, EBITDA	A\$m		524.0	333.4	277.1
hipi, 100%, Cash dist	A\$m	161.0	316.1	237.3	163.7
of EBITDA	740		60%	71%	59%
hipi, 100%, EBITDA	ZARm		5345.9 276.0	3360.6	2832.4
nipi, 100%, EBITDA nipi, 100%, EBITDA - reported	US\$		376.9 585.3	229.9	194.0 321.0
прі, тоо лі, сы при - теропеа	A\$m		385.3	378.3	321.0
nipi NPAT (49.9%)	A\$m	96.3	189.5	114.8	94.5
out		84%	83%	103%	87%
	11-21	00 E-1 10	00 E-1-10		00 E-1-00
IS Reported Revenue	Unit	28 Feb 18a	28 Feb 19a	29 Feb 20f	28 Feb 21f
IS Reported Revenue IS Reported COGS	A\$m A\$m	-0.4 0.3	0.0 0.0		
IS Reported COGS	A\$m A\$m	-0.1	0.0		
S Reported Profit	A\$m	-0.1 92.2	142.2		
S Balance Sheet	Unit	28 Feb 18a	28 Feb 19a	29 Feb 20f	28 Feb 21f
sh	A\$m	76.5	72.8	55.4	70.3
er Current Assets	A\$m	45.9	85.2	85.2	85.2
al Current Assets	A\$m	122.5	158.0	140.5	155.4
perty, Plant & Equip.	A\$m	0.0	0.0	0.0	0.0
loration	A\$m	8.7	10.8	10.8	10.8
stments/other	A\$m	386.6	424.8	424.8	424.8
Non-Curr. Assets	A\$m	395.3	435.6	435.6	435.6
al Assets	A\$m A\$m	517.8	593.6	576.1	591.0
rt Term Borrowings er	A\$m A\$m	49.1	132.9	132.9	- 132.9
r I Curr. Liabilities	A\$m A\$m	49.1 49.1	132.9	132.9	132.9
g Term Borrowings	A\$m		- 102.3		
ier	A\$m	2.6	51.2	51.2	51.2
al Non-Curr. Liabil.	A\$m	2.6	51.2	51.2	51.2
al Liabilities	A\$m	51.6	184.1	184.1	184.1
Assets	A\$m	466.2	409.5	392.0	406.9
Debt (net cash)	A\$m	-76.5	-72.8	-55.4	-70.3
S Cashflow	Unit	28 Feb 18a	28 Feb 19a	29 Feb 20f	28 Feb 21f
erating Cashflow	A\$m	90.6	158.4	115.6	78.4
ome Tax Paid rest & Other	A\$m A\$m	0.0	-12.4	-5.7	-4.7
rest & Other erating Activities	A\$m <b>A\$m</b>	0.3 90.9	0.3 146.4	0.0 <b>109.8</b>	0.0 <b>73.7</b>
any Activities	Agili	90.9	140.4	109.8	13.1
perty, Plant & Equip.	A\$m	0.0	0.0	0.0	0.0
f JMS b/s (ie 50% Tshipi)		0.0	0.0	-6.6	-12.0
loration and Devel.	A\$m	-0.9	-0.9	0.0	0.0
er	A\$m	3.1	0.0	0.0	0.0
estment Activities	A\$m	2.2	-0.9	0.0	0.0
rowings	A\$m	0.0	0.0	0.0	0.0
states and Rate as a second and R	A\$m	-102.4	-51.1	0.0	0.0
	A\$m	0.0	-97.9	-127.3	-58.8
idends Paid	A\$m	-102.4	-149.1	-127.3	-58.8
idends Paid	AψΠ			-17.5	14.9
dends Paid ancing Activities		-0.3	.2 6	-17.0	28 Feb 21f
idends Paid ancing Activities Cashflow	A\$m	-9.3 28 Feb 18a	-3.6 28 Feb 19a	29 Feb 20f	
uity or "tbc capital" idends Paid ancing Activities t Cashflow ares inary Shares - End		28 Feb 18a	28 Feb 19a	29 Feb 20f 1959.0	
idends Paid ancing Activities t Cashflow	A\$m Unit			29 Feb 20f 1959.0 1959.0	1959.0 1959.0
idends Paid ancing Activities : Cashflow ares Jinary Shares - End Jinary Shares - Weighted	A\$m Unit m	28 Feb 18a 2064.5	28 Feb 19a 1959.0	1959.0	1959.0
idends Paid ancing Activities Cashflow arcs linary Shares - End linary Shares - Weighted ited Shares - Weighted	A\$m Unit m m	28 Feb 18a 2064.5 2173.2	28 Feb 19a 1959.0 1967.8	1959.0 1959.0	1959.0 1959.0
dends Paid ancing Activities Cashflow Ires inary Shares - End inary Shares - Weighted ted Shares - Weighted io Analysis	A\$m Unit m m m	28 Feb 18a 2064.5 2173.2 2173.2	28 Feb 19a 1959.0 1967.8 1967.8	1959.0 1959.0 1959.0	1959.0 1959.0 1959.0
idends Paid ancing Activities .Cashflow ares linary Shares - End linary Shares - Weighted ated Shares - Weighted ted Shares - Weighted tio Analysis shflow Per Share	A\$m Unit m m m Unit A\$ cps	28 Feb 18a 2064.5 2173.2 2173.2 28 Feb 18a	28 Feb 19a 1959.0 1967.8 1967.8 28 Feb 19a	1959.0 1959.0 1959.0 <b>29 Feb 20f</b>	1959.0 1959.0 1959.0 28 Feb 21f
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idends Paid ancing Activities ancing Activities arc	A\$m Unit m m m Unit A\$ cps	28 Feb 18a 2064.5 2173.2 2173.2 28 Feb 18a 4.2 nm	28 Feb 19a 1959.0 1967.8 28 Feb 19a 7.4 nm 0.075	1959.0 1959.0 1959.0 <b>29 Feb 20f</b> 5.6 nm 0.055	1959.0 1959.0 1959.0 <b>28 Feb 21f</b> 3.8 nm 0.0375
idends Paid ancing Activities cashflow ares linary Shares - End linary Shares - Weighted ted Shares - Weighted ie Analysis shflow Per Share nings Per Share nings Per Share nking	A\$m Unit m m Unit A\$ cps A\$ cps AUD	28 Feb 18a 2064.5 2173.2 2173.2 28 Feb 18a 4.2 nm - 0%	28 Feb 19a 1959.0 1967.8 1967.8 28 Feb 19a 7.4 0.075 0%	1959.0 1959.0 1959.0 <b>29 Feb 20f</b> 5.6 nm 0.055 0%	1959.0 1959.0 1959.0 <b>28 Feb 21f</b> 3.8 nm 0.0375 0%
dends Paid ancing Activities Cashflow res mary Shares - End mary Shares - Weighted ted Shares - Weighted to Analysis hflow Per Share angs Per Share dends Per Share	A\$m Unit m m m Unit A\$ cps	28 Feb 18a 2064.5 2173.2 2173.2 28 Feb 18a 4.2 nm	28 Feb 19a 1959.0 1967.8 28 Feb 19a 7.4 nm 0.075	1959.0 1959.0 1959.0 <b>29 Feb 20f</b> 5.6 nm 0.055	1959.0 1959.0 1959.0 <b>28 Feb 21f</b> 3.8 nm 0.0375

				7 Janı	ary 2020 Buy
					Биу
Directors Brian Gilbertson (Chairman)			Lovol 1	Company I 0, 16 St George	Information
Priyank Thapliyal (CEO)				Perth WA, 600	
Paul Murray (Non-exec)					3 9346 5500
Andrew Bell (Non-exec)					3 9481 5933
Yeongjin Heo (Non-exec, Posco Nomi			W	eb: www.jupite	rmines.com
Hans Mende (Non-exec, AMCI nomin	ee)				
Melissa North - CFO					%
Top Shareholders AMCI					17.2%
Stichting Pensioenfonds					12.9%
Posco					6.9%
Reserves & Resources	Mt	% Mn			able to JMS
Measured	92	34.2			Atrib: 46Mt
Indicated	112 227	33.7 32.5			Atrib: 56Mt Atrib: 113Mt
TOTAL Resources	432	32.5 33.2			trib: 215Mt
Reserve Production Summary	94 Unit	36.5 28 Feb 18a	28 Feb 18a	JMS 29 Feb 20f	Atrib: 47Mt 28 Feb 211
Aill Throughput	Mt	28 Feb 18a 3.8	28 Feb 18a 3.8	29 Feb 20f 3.5	28 Feb 211 3.3
Saleable Product	Mt	3.4	3.4	3.2	3.0
- grade Mn	Mt	36.5%	36.5%	36.5%	36.5%
Saleable Product (attrib to JMS)	Mt	1.7	1.7	1.6	1.5
Mass recovery		91.0%	90.3%	91.0%	91.0%
Mine Life	% N#	32.58	32.58	30.58	29.58
Assumed Mine Inventory (end) Costs	Mt Unit	153.2 28 Feb 18a	153.2 28 Feb 18a	145.8 29 Feb 20f	142.5 28 Feb 211
Cost per milled tonne	A\$/t	108.9	108.1	104.5	114.0
EBITDA / tonne milled ore	A\$/t	83.6	138.0	94.1	83.8
	US\$/t	64.8	99.3	64.9	58.7
Fotal cost / tonne product cfr	A\$/t	125	138	129	140
	ZAR/t ZAR\$/dmtu	1,236 34	1,412 39	1,298 36	1,430 39
	US\$/t	34 97	100	30 89	
	US\$/dmtu	2.7	2.7	2.4	2.7
Price Assumptions	Unit	28 Feb 18a	28 Feb 19a	29 Feb 20f	28 Feb 21
AUDUSD	A\$/US\$	0.78	0.72	0.69	0.70
JSDZAR		12.71 9.85	14.18 10.20	14.61 10.08	14.60 10.22
AUDZAR Manganese: 44% benchmark cfr	US\$/dmtu	9.85 6.32	7.31	5.08	5.09
Manganese: 44% benchmark cfr	US\$/t	278	322	223	224
ron Ore 62% benchmark cfr	US\$/t	66.0	73.6	94.7	73.2
Tshipi received price cfr	US\$/t	168.6	209.7	160.2	162.5
	US\$/dmtu	4.6	5.7	4.4	4.5
	ZAR\$/dmtu	58.7	81.5	64.2	65.0
Valuation multiples @ 0.29	A\$/dmtu	6.0 28 Feb 18a	8.0 28 Feb 19a	6.4 29 Feb 20a	6.4 28 Feb 21a
EV/EBITDA	x	3.0	1.8	29 Feb 20a 2.9	3.4
Div Yield	%	0.0%	25.9%	19.0%	12.9%
Hedging	Unit	28 Feb 18a	28 Feb 19f	29 Feb 20f	28 Feb 21
none Sensitivity Analysis					
Base Case		Valuation 0.47	FY21 p	oro-froma EBľ 138.3	IDA
Spot Prices		0.41 (-12.7%)			6.1 (-30.5%)
Spot USD/AUD 0.69, USD/ZAR 14.2,					
AUDUSD +/10%		.59 (-22.7% / 2		8 / 170.6 (-19.	
Manganese +/10% Production +/10%		.33 (29.3% / -2 .35 (24.6% / -2		8 / 104.7 (24.3 1 / 109.4 (20.9	
Unpaid Capital	0.0070				.,57 -20.3%
Year Expires		<u>\$m</u>	Avg price 9	% ord	
28-Feb-19		0.0	0.00	0%	
29-Feb-20		0.0	0.00	0%	
28-Feb-21		0.0	0.00	0%	
28-Feb-22		0.0 0.0	0.00	0% 0%	
28-Feb-23		0.0	nm	0%	
28-Feb-23 TOTAL					A\$/sh
TOTAL					0.62
TOTAL /aluation	e of 10%)				-0.19
TOTAL /aluation 19.9% Tshipi (pre-tax NAV at disc. rat	e of 10%)				
TOTAL Valuation 49.9% Tshipi (pre-tax NAV at disc. rat Tshipi Tax (NPV future liability) Marketing	e of 10%)				
TOTAL Valuation 19.9% Tshipi (pre-tax NAV at disc. rat Tshipi Tax (NPV future liability) Warketing Other Assets/Exploration	e of 10%)				0.00
TOTAL /aluation /g.9% Tshipi (pre-tax NAV at disc. rat /shipi Tax (NPV future liability) /darketing Diher Assets/Exploration Forwards	e of 10%)				0.00
Valuation 19.9% (pre-tax NAV at disc. rat 19.9% (NPV future liability) Marketing Dither Assets/Exploration Forwards Corporate Overheads	e of 10%)				0.02 0.00 0.02 -0.02
TOTAL Valuation 49.9% Tshipi (pre-tax NAV at disc. rat Shipi Tax (NPV future liability) Marketing Other Assets/Exploration Forwards Corporate Overheads Net Cash (Debt)	e of 10%)				0.00 0.00 -0.02 0.06
TOTAL /aluation 19.9% Tshipi (pre-tax NAV at disc. rat Shipi Tax (NPV future liability) Warketing Dther Assets/Exploration Towards Corporate Overheads	e of 10%)				0.00 0.00 -0.02

Analyst: Trent Barnett +61 8 9268 3052 "tbc capital" could be equity or debt. Our valuation is risk-adjusted for how this may be obtained. Sources: IRESS, Company Information, Hartleys Research

# Fig. 2: Earnings Changes

Tshipi (49.9%)	Unit	28 Feb 19		29 Feb 20			28 Feb 21			28 Feb 22	
		actual	Old	New	% chg	Old	New	% chg	Old	New	% chg
Production (100%)	Mtpa	3.4	3.2	3.2	0.0%	3.0	3.0	0.0%	3.0	3.2	6.1%
Received Price	US\$/dmtu	5.7	4.4	4.4	0.7%	4.5	4.5	0.0%	4.1	4.1	0.0%
AUD	US\$/A\$	0.72	0.68	0.69	0.8%	0.70	0.70	0.0%	0.70	0.70	0.0%
ZAR	Rand/US\$	14.2	14.6	14.6	0.0%	14.6	14.6	0.0%	14.6	14.6	0.0%
Tshipi Revenue (49.9%)	A\$m	497.9	373.6	373.1	-0.1%	347.9	347.9	0.0%	323.6	343.1	6.0%
	ZARm	5079.4	3736.4	3760.9	0.7%	3555.6	3555.6	0.0%	3307.7	3507.6	6.0%
Tshipi Cash Costs (49.9%)	A\$m	-236.4	-207.9	-206.8	-0.6%	-209.6	-209.6	0.0%	-206.5	-218.9	6.0%
	ZARm	-2411.8	-2079.5	-2083.9	0.2%	-2142.2	-2142.2	0.0%	-2110.5	-2237.4	6.0%
	ZAR/t	-1412.0	-1294.8	-1297.6	0.2%	-1429.6	-1429.6	0.0%	-1408.4	-1407.8	0.0%
Tshipi EBITDA (49.9%)	A\$m	261.5	165.7	166.4	0.4%	138.3	138.3	0.0%	117.1	124.3	6.1%
- margin		52.5%	44%	45%	0.6%	40%	40%	0.0%	36%	36%	0.1%
Tshipi, 100%, EBITDA	A\$m	522.9	332.0	333.4	0.4%	277.1	277.1	0.0%	234.7	249.0	6.1%
Tshipi, 100%, Cash dist	A\$m	316.1	236.3	237.3	0.4%	163.7	163.7	0.0%	137.4	133.8	-2.6%
% of EBITDA		60%	71%	71%	0.0%	59%	59%	0.0%	59%	54%	-8.2%
Tshipi, 100%, Cash dist	ZARm	3,224	2,363	2,392	1.2%	1,673	1,673	0.0%	1,405	1,368	-2.6%
Tshipi, 100%, EBITDA	ZARm	5345.9	3320.3	3360.6	1.2%	2832.4	2832.4	0.0%	2399.1	2545.4	6.1%
Tshipi, 100%, EBITDA	US\$	376.9	227.2	229.9	1.2%	194.0	194.0	0.0%	164.3	174.3	6.1%
Tshipi NPAT (49.9%)	A\$m	189.5	114.3	114.8	0.4%	94.5	94.5	0.0%	79.3	84.4	6.5%
payout		83%	103%	103%	0.0%	87%	87%	0.0%	87%	79%	-8.5%
DPS		0.075	0.055	0.055	0.0%	0.0375	0.0375	0.0%	0.030	0.030	0.0%

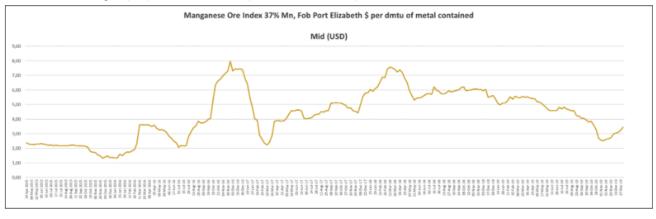
Source: Hartleys Estimates

Risk of not realising		
assumption	Downside risk to valuation if assumption is incorrect	Comment
Low	High	We assume a long mine life. The mining righ expires in 2040 but we assume it is extended
Moderate	High	We assume the expansion proceeds, but we a more conservative than early guidance. Our conservative assumptions means that the expansion only adds around 15% to our valuation.
Moderate	Upside	We assume a discount rate of 10%, real.
Moderate	Meaningful	We assume that the Rand appreciates modes in near term, and then depreciates again.
Moderate	Most significant	We assume manganese selling prices rebour but remain well below recent peak.
Low	Modest	We assume JMS retains its 49.9% interest in Tshipi.
	Low Moderate Moderate Moderate	LowAssumption is incorrectLowHighModerateHighModerateUpsideModerateMeaningfulModerateMost significant

Source: Hartleys

# Fig. 4: Manganese Price (37% DMTU, fob)

Week commencing 05/01/2020 - US\$3.44 (last week US\$3.24)



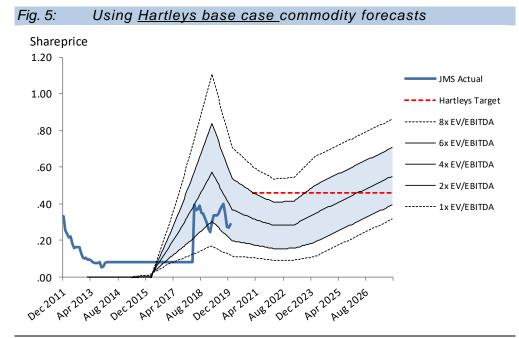
Source: JMS

# PRICE TARGET

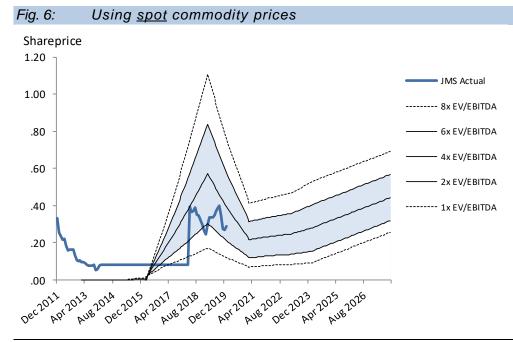
We have a twelve-month price target of 46cps (from 40cps previous).

Price Target Methodology	Weighting	Spot	12 mth out
NPV base case valuation	50%	\$0.47	\$0.46
NPV spot valuation	8%	\$0.41	\$0.40
NPV no 4.5mtpa expansion (base case prices)	5%	\$0.40	\$0.40
NPV no 4.5mtpa expansion (spot case prices)	5%	\$0.35	\$0.35
4x EV/EBITDA	5%	\$0.33	\$0.29
10x EV/EBITDA	5%	\$0.76	\$0.67
Dividend yield 6.0% base case	10%	\$0.50	\$0.63
Dividend yield 6.0% spot prices	12%	\$0.42	\$0.42
Risk weighted composite		\$0.46	
12 Months Price Target		\$0.46	
Shareprice - Last		\$0.2900	
12 mth total return		68%	

Source: Hartleys Research Estimates



Source: Hartleys Estimates, IRESS



Source: Hartleys Estimates, IRESS

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## **Hartleys Recommendation Categories**

Buy Accumulate	Share price appreciation anticipated. Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce /	It is anticipated to be unlikely that there will be gains over
Take profits	the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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