



Jupiter Mines Ltd (JMS.ASX)

Board refresh ahead

Event:

- AGM results.

Investment Highlights:

- Spill Meeting to be held.** JMS' AGM resulted in resounding votes against the Adoption of Remuneration Report and for a Spill Resolution to be held within 90 days (likely 19 October). Mr Peter North and Mr Scott Winter were elected as Directors, while Mr Paul Murray and Mr Andrew Bell were not re-elected.
- Board refresh up ahead.** All Directors with the exception of MD Mr Priyank Thapliyal will cease to hold office at the Spill Meeting, with resolutions to appoint new Directors. This paves way for a genuine refresh of Board, with major shareholders Ntsimbintle and AMCI to wield more influence.
- Why the change? We surmise a number of factors had been brewing that led to the Spill:** 1) JMS not increasing interest in Tshipi; 2) No M&A or organic growth; 3) Absence of strong Director and Investor Relations presence in Australia; and 4) Lack of marketing Mn's role as battery metal given burgeoning EV demand. We believe all these contributed to the JMS share price trading at marked discount to valuation.
- Ntsimbintle likely to transform JMS into more of a growth story.** During CY21 Safika Resources - which via Ntsimbintle owns 37.1% of Tshipi - bought 19.9% of JMS, increasing effective Tshipi interest to 47%, and now has JMS Board representation (Mr North). We anticipate Ntsimbintle's motive is to leverage JMS as an opportune vehicle for capital markets access should it pursue growth initiatives. This is likely to change market perception of JMS from a value stock to a growth one.
- Logistics offer significant synergies.** Ntsimbintle also has interests in other Kalahari Mn mines including Mokala, Khwara, and Hotazel. With about 50% of Kalahari mines' costs in logistics (mostly road and rail), and mines sharing mostly the same infrastructure and provider (Transnet), we expect that the scope for synergies across operations' logistics alone are considerable.
- Two major shareholders provide register strength.** AMCI has 17% effective interest (inclusive related parties) and now two Directors (Mr Winter and Mr Mende). Its resources development history together with Ntsimbintle's intimate South Africa experience provide strong platform from which JMS can grow.
- China stocks keeping lid on Mn price.** In terms of operations, JMS commented that business was largely unaffected by recent unrest in RSA. Both China Mn stocks and freight costs remained high, resulting in price remaining constrained at current levels, with JMS expecting this to persist for the next few months.

Earnings and Valuation:

- No changes to earnings or our valuation of \$0.52/share.

Recommendation:

- We maintain our Buy recommendation and 12-month price target of \$0.52 based on 1.0x Price/NPV.
- Catalysts for the share price include higher Mn prices; lower freight rates; cost reductions; Tshipi expansion FID; and corporate activity.

Disclosures

The analyst owns 476,276 JMS shares.
Foster Stockbroking and associated entities (excluding Cranport Pty Ltd) own 9,147,061 JMS shares.
Cranport Pty Ltd owns 7,000,000 JMS shares.
Refer details end of report.

Recommendation	Buy
Previous	Buy
Risk	High

Price Target	\$ 0.52
Previous	\$0.52

Share price (A\$)	\$ 0.295
ASX code	JMS

52 week low-high	0.248-0.365
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JMS Valuation (A\$/share)	\$ 0.52
Methodology	NPV

JMS Capital structure

Shares on Issue (M)	1,959
Market cap (A\$M)	578
Net cash (debt) attributable (A\$M)	51
EV (A\$M)	527
Ave daily volume ('000)	4,933

Earnings Y/e Feb A\$M	FY21a	FY22e	FY23e	FY24e
Sales adj*#	313	329	331	335
EBITDA adj.*	100	78	104	104
NPAT reported	68	48	70	66
NPAT adj*	68	48	70	66
EPS adj. c*	3.5	2.8	3.3	3.2
PE x	9.8	12.0	10.4	10.5
EV/EBITDA x	5.9	6.6	6.4	6.1
DPS c	3.0	2.2	3.2	3.0
Yield %	10.3%	7.6%	10.9%	10.4%

* Adj =underlying including attributable share of Tshipi

#CIF basis

JMS Board

Brian Gilbertson	Non-Executive Chairman
Priyank Thapliyal	CEO and Executive Director
Hans Mende	Non-Executive Director
Scott Winter	Non-Executive Director
Peter North	Director
Yeongjin Heo	Non-Executive Director

Share price graph



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