



Jupiter Mines Ltd (JMS.ASX)

First downstream product

Event:

- Initial downstream product; 1QFY24 review; PT change.

Investment Highlights:

- High-purity manganese sulfate monohydrate (HPMSM) a milestone.** JMS has announced it produced HPMSM of >99.9% purity, or containing at least 32% Mn, equivalent to EV battery grade specifications. Impurities were also below tolerance levels. The company achieved the milestone using its wholly owned and proprietary hydrometallurgical process.
- Scoping study and pilot plant to follow.** The company stated its on track to complete a scoping study by end 2023 which will shed light on economics. A low-capex pilot plant will also be constructed from which results can be fed into feasibility study, as well as sample delivered to potential customers.
- Targeting North America or Europe location.** JMS is already scouting potential locations for a commercial-scale HPMSM plant. US and Canada are preferred given 1) Location of major EV and battery OEMs; 2) IRA benefits; and 3) Access to DoE loans. Europe is also considered. The company is targeting commercial-scale production beginning 2027/28.
- Well ahead of the pack.** China produces over 98% of HPMSM and many western companies are seeking to enter market as non-China sources. However, these lack advantageous attributes that are hindering their progress but which JMS possesses – existing operating mine of scale and long-life; own technology; strong operating cash flow generation; and strategic register (Posco, AMCI).
- JMS in discussions with OEMs and batterymakers.** The company's potential long-life, non-China supply of HPMSM is an attraction. In return for offtake rights, we expect a probable scenario of an OEM may potentially co-invest in downstream facility, alongside potential DoE and other debt funding, with any JMS equity contribution would be relatively low.
- Core business and dividend policy maintained.** HPMSM was produced from Tshipi's low-grade ore (28-32% Mn) which is not in Reserves, stockpiled, and only intermittently shipped in low volume. HPMSM is a win-win for JMS - extracting optimal value from low-grade, while 3Mtpa high-grade (37% Mn) sales continue. We expect JMS dividend policy will be unchanged as HPMSM progresses.
- Tshipi 1QFY24a – costs remain low in face of low prices.** Tshipi sales were 0.93Mt at C1 FOB costs of US\$1.95/dmtu high-grade, generating A\$22M NPAT below our forecast A\$31M due to lower Mn prices. However prices have been steady in past six weeks with reduction in other RSA and Ukraine production.

Earnings and Valuation:

- Slight changes - we forecast JMS adj. NPAT for FY24e and FY25e of A\$68M and A\$71M, vs \$A\$72M and A\$69M previously.**
- Our JMS valuation increases to \$0.58 (1.0x NPV₁₀ nominal) from \$0.54, mostly from lowering our long-term A\$ forecast to US\$0.70 (from \$0.72 previously).**

Recommendation:

- We maintain our Buy and raise our 12-month price target to \$0.58 from \$0.54 based on 1.0x NPV.** Share price catalysts include: Lower freight rates; Gaining control of Tshipi; HPMSM scoping study; Tshipi expansion; and M&A activity.

Disclosures

The analyst owns 476,276 JMS shares.

Foster Stockbroking and other staff own 7,376,285 shares. Cranport Pty Ltd owns 11,711,960 JMS shares. Refer details end of report.

Recommendation	Buy			
Previous	Buy			
Risk	High			
Price Target	\$0.58			
Previous	\$0.54			
Share price (A\$)	\$ 0.185			
ASX code	JMS			
52 week low-high	0.175-0.255			
JMS Valuation (A\$/share)	\$0.58			
Methodology	NPV			
JMS Capital structure				
Shares on Issue (M)	1,959			
Market cap (A\$M)	362			
Net cash (debt) attributable (A\$M)	91			
EV (A\$M)	271			
Ave daily volume ('000)	1,150			
Y/e Jun A\$M	FY23e	FY24e	FY25e	FY26e
Sales adj*#	393	337	343	350
EBITDA adj.*	132	105	114	115
NPAT reported	99	70	73	73
NPAT adj*	87	68	71	72
EPS adj. c*	4.4	3.5	3.6	3.7
P/E x	4.2	5.3	5.1	5.0
EV/EBITDA x	2.1	2.6	2.4	2.4
DPS c	2.2	3.4	2.5	2.6
Yield %	11.9%	18.2%	13.7%	13.9%

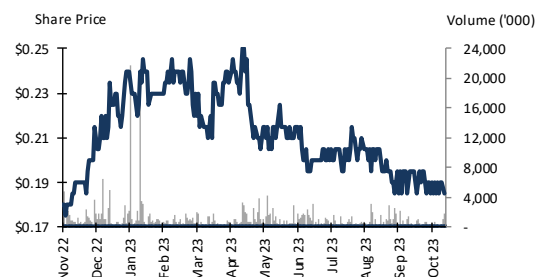
* Adj =underlying including attributable share of Tshipi

#CIF basis

JMS Board

Ian Murray	Non-Executive Chair
Brad Rogers	Managing Director
Scott Winter	Non-Executive Director
Peter North	Non-Executive Director
Patrick Murphy	Non-Executive Director
Ben Kim	Non-Executive Director

Share price graph



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