

MINING FLASHNOTE

Jangada Mines plc (JAN AIM)

12 November 2018

jan

Stock Data

| | |
|-----------------|--------|
| Share Price: | 2.425p |
| Market Cap (M): | £5.7 |
| EV (M): | £5.1 |

Price Chart

52 Week Range

| | |
|--------|---------------|
| 2.20p | 2.425p |
| 5.375p | |

Company Summary

Jangada Mining is an AIM listed company operating in Brazil. It acquired the Brazilian platinum group metal assets of Anglo-American in 2013 and declared a JORC (2012) compliant resource.

| MAIN SHAREHOLDERS | HOLDING |
|-------------------|---------|
| Brian McMaster | 23.4% |
| Matthew Wood | 23.4% |
| Luis Azevedo | 22.8% |
| Mark Sumner | 7.6% |

Source: Jangada Mines & Bloomberg

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Jangada Announces Optimised Flowsheet and Reduced Capex for Its Pedra Blanca Project

Event

Jangada Mines ("Jangada") has announced a substantial reduction in the preliminary capital expenditure, as a result of the creation of an updated process flowsheet in partnership with Consulmet Metals (Pty) Ltd ("Consulmet"), for its Pedra Branca PGM project ("Pedra Branca, in the north-east of Brazil.

Highlights

The highlight is that the preliminary capital expenditure has been reduced from US\$54.2M to US\$33.8M

Comment

This is excellent news. Not only is the initial capex being reduced by 38% to US\$33.8M but the overall capex has been reduced by 32% to US\$43.9M.

The reduction in the capex has been brought about by the use of Consulmet, who are specialised PGM Group plant designers and process flow specialists who have a raft of experience building PGM plants in South Africa. They have a very accurate database and have refined and optimised the original flowsheet in line with their experience. The revised flowsheet is a notably simpler and more efficient process than previously envisaged, and will form the basis of all subsequent test and design work relating to advancing the project toward FEL3 level (commonly known as BFS level) feasibility.

BHC has re-run our model of Jangada, incorporating the revised capital expenditure numbers. Using a 10% discount rate, the net present value after tax, but unfunded, has increased to US\$204M from US\$177M. The internal rate of return has increased from 64.3% to 151.7%.

Research Disclosures

Peter Rose

Peter has 32 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 11 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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| | |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
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| Hold | Recommendation implies that expected total return of between 15% and zero is expected over 12 months between current and analysts' target price. |
| Trading Sell | Recommendation implies that the analysts' expected total return over the short term compared against the target price is negative. |
| Sell | Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative. |

Research Disclaimers

Research disclosure as of 12 November 2018

| Company Name | Disclosure |
|-----------------------------|---------------|
| Jangada Mines plc (JAN AIM) | 1, 2, 7, 8, 9 |

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