

MINING FLASHNOTE

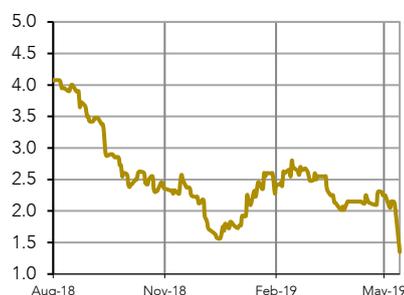
Jangada Mines plc (JAN AIM)

28 May 2019

Stock Data

Share Price:	1.35p
Market Cap (M):	£3.2
EV (M):	£2.6

Price Chart



52 Week Range

4.95p	1.35p
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Company Summary

Jangada Mining is developing an open surface PGM + Nickel project at Pedra Branca, Brazil which is currently concluding the BFS stage.

MAIN SHAREHOLDERS	HOLDING
Brian Mc Master	20.3%
Matthew Wood	20.3%
Luis Azevedo	19.8%
Mark Summer	6.4%

Source: Jangada Mines & Bloomberg

Peter Rose

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

www.brandonhillcapital.com

Jangada Announces Proposed Disposal of the Pedra Branca Project

Event

Jangada Mines plc ("Jangada") has announced that it has entered into a binding letter of agreement (the "Agreement") with a TSX-V listed entity, ValOre Metals Corp. ("ValOre"), for the sale, subject to satisfaction of a number of conditions (set out further below), of 100% of Pedra Branca do Brasil Mineracao Ltda., the entity that holds Pedra Branca, to ValOre.

Comment

Sadly the board of Jangada believed that there would be problems financing a Brazilian PGM play in the UK markets, and has been increasingly focusing its efforts on the vanadium potential of Ptombeiras. On 5 February 2019, the Board reported the results of its vanadium drilling campaign, which confirmed the presence of a high-grade deposit with the potential for significant resource delineation.

However, Jangada is much more positive about financing of a vanadium development on the UK, hence the decision to maintain its 100% ownership of the Ptombeiras vanadium potential. This is primarily driven by its importance as an input to battery metals, and assuming completion of the Proposed Transaction, the Board considers that it's in the best interests of shareholders to focus the Company's resources on pursuing the development of Ptombeiras. In the near term, this would involve further drilling and metallurgical work, the results of which would then dictate the path forward for development. A NI 43-101 compliant CPR is already underway, which is expected to be completed by the Company during Q3 2019. The Proposed Transaction includes a cash consideration component allowing Jangada to substantially progress the development of Ptombeiras.

Further, as the sale price of the Pedra Branca deposits will be partly in shares, Jangada will retain a sizable interest, ~33%, in Pedra Branca and appoint two director's to the board of ValOre.

Terms of the Proposed Transaction

- issuance and allotment of 25,000,000 ValOre common shares ("Consideration Shares") on the date of closing of the Proposed Transaction; and
- cash payments to Jangada in the aggregate of C\$3M, as follows:
 - 1) an exclusivity payment of C\$250,000, which has been received by the Company. C\$200,000 of this amount is refundable only in the event that Jangada breaches the exclusivity covenant set out in the Agreement, which runs for the next 100 days
 - 2) C\$750,000 payable on closing of the Proposed Transaction
 - 3) C\$1M on, or before, 3 months after the closing of the Proposed Transaction
 - 4) C\$1M on, or before, 6 months after the closing of the Proposed Transaction

The Proposed Transaction provides for an exclusivity period of 100 days for completion of the various conditions precedent set and therefore, until these conditions precedent have been satisfied in full, Shareholders should be aware there is no guarantee the Proposed Transaction will proceed. This is essentially that ValOre is required to undertake an equity raise of at least C\$3M (the "VO Equity Raise") and seek shareholder approval to issue. In the 100 days, the completion of due diligence by both parties (a process which is currently ongoing) and definitive and binding documentation being negotiated and agreed. The Proposed Transaction constitutes a fundamental change of business of the Company pursuant to Rule 15 of the AIM Rules for Companies. Accordingly, completion of the Proposed Transaction is also conditional on the approval of the Company's shareholders at a general meeting that is to be convened once the above conditions on due diligence and documentation, and condition on funding, have been satisfied. The Proposed Transaction is subject to normal commercial conditions of a transaction of this nature including, conditions precedent.

Research Disclosures

Peter Rose

Peter has 33 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 12 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.

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

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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 28 May 2019

<u>Company Name</u>	<u>Disclosure</u>
Jangada Mines plc (JAN AIM)	1, 2, 7, 8, 9

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Brandon Hill Contact List

International Sales

Oliver Stansfield

Tel: +44 20 3463 5061

Email: oliver.stansfield@brandonhillcapital.com

Corporate Finance & Broking

Jonathan Evans

Tel: +44 20 3463 5016

Email: jonathan.evans@brandonhillcapital.com

Wei Jiao

Tel: +44 20 3463 5019

Email: wei.jiao@brandonhillcapital.com

Research

Peter Rose

Tel: +44 20 3463 5034

Email: peter.rose@brandonhillcapital.com

Enzo Aliaj

Tel: +44 20 3463 5026

Email: enzo.aliaj@brandonhillcapital.com