

MINING FLASHNOTE

Jangada Mines plc (JAN AIM)

28 January 2019

Stock Data

Share Price:	2.225p
Market Cap (M):	£5.2
EV (M):	£4.6

Price Chart



52 Week Range

1.56p	2.225p
5.07p	

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

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

Source: Jangada Mine & Bloomberg

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Jangada Announces 117% Increase in JORC Resource at Pedra Branca

Event

New JORC Resource for Pedra Branca project in north-eastern Brazil released.

Highlights

The key points relating to Jangada's RNS are:

- An 117% increase in JORC classified ore to 74.84M tonnes
- A 64% increase in the Indicated resources to 29.34M tonnes
- A 174% increase in the Inferred resources to 37.09M tonnes
- A 103% increase in palladium equivalent resource to 3.05M oz
- 104% increase in base metal content to 362.5Mlbs attributed to newly discovered nickel sulphide resource

Comment

This is really positive news for Jangada, coming on the back of the recently announced discovery of nickel ore under the initially proposed open pit. This significant increase in the ore resources will enable a longer mine life, even at an increased annual throughput.

This project is now being driven by Palladium, Platinum and Nickel which account for approximately 90% of the total revenue in the BH model. The amount of these three metals has increased significantly, now containing in excess of 2.1M oz of platinum and palladium and 298M lbs of nickel. The BH model for the project will be updated following the metallurgical test work results due to be published in March.

Moreover, using an alternative and quick valuation based on "metals in the ground" we have applied the current metal prices to only 10% of the total resources to derive a valuation of circa \$418M. This gives an indication of potential upside to be seen at Pedra Branca.

Platinum	US\$61.2M
Palladium	US\$178.1M
Gold	US\$8.1M
Nickel	US\$157.1M
Copper	US\$13.3M
Total	US\$417.8M

The bankable feasibility study is in progress and the work being done has been described as "exceptional". With the increase size of the resource and expected improved metallurgy, this should be a very good project, widening the diversity of supply for platinum group metals away from Russia and South Africa.

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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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 28 January 2019

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

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