

Jubilee Metals Group

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We have a niche, a brand, and credibility, says Colin Bird, as Jubilee Metals' cashflow opportunities multiply

What's the thinking behind the recent move by Jubilee Metals Group PLC (LON:JLP) into Zambia?

According to Jubilee's chairman and founder Colin Bird, it's simple.

The acquisition of the Kabwe lead, zinc, copper and vanadium project provides the company with a country hedge, a currency hedge and a project hedge.

As it stands, Jubilee is already making a success of its South African platinum and chrome recycling operations, with first half revenue up by 75% to £14.6m.

All the same, platinum and chrome prices have been at rock bottom for a long time now, and the political risks associated with South Africa aren't everyone's cup of tea. What's more, the rand can bounce around significantly in response to gyrations in commodities markets.

Zambia comes with its own attendant risks, but it also has several advantages. Like South Africa it's a well-established mining jurisdiction, being one of the most important copper producing countries in the world.

But what's perhaps more to the point is that Colin Bird is comfortable in Zambia, he knows his way around, and he has had considerable success here in the past.

True, Kabwe is a different animal to Kiwara, the copper exploration company Bird sold to First Quantum for US\$260m in some years ago. That was pure play exploration, whereas Kabwe is a former producer, and comes with all sorts of useful kit already in place.

But times are different too. Back then, exploration was a booming business, deals were being done all the time as majors and mid-tiers scrambled for new prospects to develop to meet the new demand from the Chinese-stimulated "Supercycle."

Now, exploration is no longer quite so fashionable. Instead, what's demanded by an ever-sceptical market is cashflow, and plenty of it.

Jubilee turned that corner some time ago, with its acquisition of the South African chrome and platinum tailings retreatment businesses at Dilokong, Heric and Windsor.

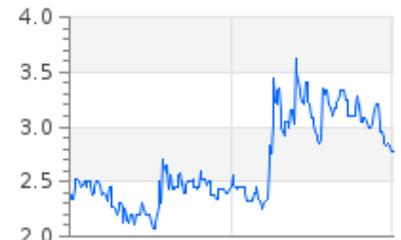
Now, at Kabwe, it's going after more early cashflow, this time from lead, zinc and vanadium.

It's too early to be talking about precise forecasts from Kabwe, but Bird reckons the project could bring in revenues of

Price: 2.775p

Market Cap: £5148460000M

1 Year Share Price Graph



August 2018 February 2019 August 2019

Share Information

Code: JLP

Listing: AIM

52 week High Low
3.75p 2.02p

Sector: Platinum group metals

Website: jubileemetalsgroup.com

Company Synopsis:

Jubilee Metals Group PLC is a diversified metals recovery company with a focus on reprocessing of historical surface mine waste and materials. The Company has secured surface platinum-bearing tailings to recover PGMs and chromite, lead, zinc and vanadium bearing tailings in Zambia and holds the mining right (granted March 2017) to a primary PGM project in the Eastern Bushveld complex.

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£25m over a couple of years. One thing's for sure: it's not going to be long before we get a taste of what's possible, because work is continuing apace.

The plan is to bring the copper refining line at the Sable refinery back on stream during the second half of 2019, and to begin processing the 6.4m tonnes of mineralised surface material that constituted the initial portion of the acquisition.

"The Kabwe acquisition is going along at pace," says Bird. "Probably faster than we'd hoped. It's a real bonanza, the copper-cobalt circuit, which will probably turn into a profit centre in its own right."

That's an added bonus for Jubilee, because Kabwe was originally acquired not for its copper potential, but rather for the 356,843 tonnes of zinc and the 351,386 tonnes of lead and 1.26% vanadium pentoxide that the surface stockpile contains.

The creation of the circuits for processing those materials is "well underway", says Bird, and the expectation is that concentrate products will be available fairly soon, and that the company will be able to sell vanadium pentoxide and zinc metal next year.

At that point the value add for Jubilee will be significant.

First off, there'll be the salient fact that Jubilee will at that stage be generating cash from a full suite of metals including copper, zinc, lead, vanadium, copper, cobalt, chrome and the platinum group metals.

But more than that, Jubilee will have shown that it's more than just a one-trick pony, and that it has the capability to replicate an already successful business model in other jurisdictions.

So what's next?

The company is financed for phase one of the expansion at Kabwe, and should be able to finance phase 2 out of the proceeds of phase one.

"After that," says Bird, "we become self-funding."

But unlike the mining executives of yesteryear he has no intention of ploughing the company's hard-won cash into exploration blue-sky or elephant hunts. On the contrary.

"You can't be around forever and not pay a dividend," he says.

"But the top of our card is growth. We've got a niche. We've got a brand. We've got credibility. And you can't keep doing small deals. It's better to do big ones."

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