

28 JUNE 2022

## Q1 FY2023 Quarterly Activities Report

Jupiter Mines Limited (ASX. JMS) (**Jupiter** or the **Company**), and together with its subsidiaries, the **Group**) is pleased to provide the following activities report for the quarter ended 31 May 2022.

### Tshipi Highlights

755,000 tonnes sold and 883,000 tonnes produced for Q1 FY2023.

EBITDA \$58.9 million and NPAT \$38.5 million.

No LTI's in the quarter, TRIFR is 0.75 trending down.

May 2022 quarter achieved graded ore mining of 200,781 bcm.

Overall total in-situ movement was 2.75 million bcm, on target YTD.

Year to date FOB production costs are 18% lower than budget.

On-land logistics 7% behind target for the year resulting from rail outages, delays and suspension of LG sales.

Interim CEO Scott Winter and Chair Ian Murray to conduct call and Q&A on Wednesday 29 June at 2:30pm AWST.

Please note all Tshipi information reported is on a 100% basis, and not Jupiter's 49.9% economic interest. All amounts are shown in Australian Dollars unless indicated. For table of abbreviations see final page of the report.

### TSHIPI BORWA MANGANESE MINE

Jupiter has a 49.9% beneficial interest in Tshipi é Ntle Manganese Mining Proprietary Limited (**Tshipi**), which operates the Tshipi Borwa Manganese Mine in the southern portion of the Kalahari manganese field.



Figure 1: Tshipi Borwa Manganese Mine and regional rail and port locations.

Key production, sales and financial information for Tshipi for the quarter ended 31 May 2022 and comparatives are presented below:

	Unit	Q1 FY2023	Q1 FY2022
Production	Tonnes	883,384	1,049,985
Sales	Tonnes	755,600	846,214
Average CIF price achieved (HGL)	USD/dmtu	5.46	4.56
Average FOB price achieved (HGL)	USD/dmtu	3.56	-
Average FOB cost of production (HGL)	USD/dmtu	1.82	2.06
Earnings before interest, tax & depreciation (EBITDA)	AUD million	58.9	26.0
Net profit after tax (NPAT)	AUD million	38.5	16.2
Cash at bank	AUD million	92.5	55.0

## SAFETY AND ENVIRONMENT

Tshipi recorded no LTI's for the quarter which maintains the LTIFR at 0. The safety program "My Safety, My Family, My Community" that Tshipi embarked on in Q4 FY2022 continues to enhance safety culture across the site and has helped reduce the TRIFR again this quarter to 0.75.

Positive progress is being made with the landowners regarding the biodiversity conservation site. Tshipi is expected to have the biodiversity offset declaration process completed in the next two years. Work is continuing with the amendment of the current Environmental Management Plan regarding closure commitments.

## MINING AND PRODUCTION

	Unit	Q1 FY2023	Q1 FY2022
Mined volume			
• Waste and low grade ore	bcm	2,457,969	3,683,250
• Graded ore	bcm	200,781	271,201
<b>Total</b>		<b>2,658,750</b>	<b>3,954,451</b>
Production			
• High grade	Tonnes	778,865	800,025
• Low grade	Tonnes	104,519	249,960
<b>Total</b>		<b>883,384</b>	<b>1,049,985</b>
Average FOB cost of production (HGL)	USD/dmtu	1.82	2.06

For the May 2022 quarter, Tshipi delivered 200,781 bcm of graded ore and 2.75 million bcm of in-situ mining movement (including rehandle), which is on target. Tshipi's operational improvement program with mining contractor Moolmans has continued to show progress with Q1 FY2023 total movement improving over Q4 FY2022.

The focus has been on waste stripping in the barrier pillar with this completed early than expected in the May 2022 quarter due to a geological intrusion that replaced the waste with low grade ore. The barrier pillar ore is gradually being mined so as to allow for in-pit dumping to progress in this area. A large block of barrier pillar graded ore is still available to Tshipi over the next year and can be readily mined as the opportunities arise in the market. Mining will continue at life of mine strip ratio. Cut 11 waste has also been removed, exposing a large block of graded ore.

Processing of high grade ore was 2.5% above plan (778,865 tonnes) with overall production slightly lower than plan due to less low grade production. Low grade ore was 50,776 tonnes behind plan for the quarter primarily as a result of no sales of low grade into the market and focusing on alternate mining areas to mine waste. Low grade ore stocks are gradually growing and available to place into the market when prices suit.

The high grade fines tonnes were 1% lower than planned in May 2022, however, remain at the planned average of 15% for the quarter. Materials handling projects underway are investigating ways to further reduce fines generation.

The quarter saw FOB costs lower than budget mainly due to lower mining costs. This was a result of a delay in expected increase in mining rates from the contractor, improvements in the quarter strip ratio from favourable geological conditions and improvements in the actual mining losses incurred as compared to budget.

Higher than expected shipping costs continued to result in CIF costs being above forecast for the year.

## LOGISTICS AND SALES

	Unit	Q1 FY2023	Q1 FY2022
On-land logistics	Tonnes	809,048	852,676
Sales	Tonnes	755,600	846,214
Average CIF price achieved (HGL)	USD/dmtu	5.46	4.56
Average FOB price achieved (HGL)	USD/dmtu	3.56	-

Tshipi moved a total of 809,048 tonnes for the quarter, approximately 62,000 tonnes behind plan. This was predominantly due to low grade volumes not being moved due to poor market conditions.

The Durban and Bloemfontein rail channels were suspended during the quarter, along with rail disruptions on the Saldanha Bay and Gqeberha rail corridors, consequently impacting several ports. The issues with rail transport remain with cable theft, power outages, flooding and derailments impacting the MECA channels and resulting in a loss of approximately 75,000 tonnes on rail for the quarter. Road volumes remain available and are being activated to assist with the shortfall as well as support the opportune additional cargos sold into the market. Tshipi continues to explore all additional logistic alternatives to ensure makeup capacity is available as well as growth potential can be realised when conditions suit.

Tshipi shipped 755,600 tonnes for the quarter, around 55,000 tonnes behind plan for the quarter, due to the low grade material not shipped as mentioned above.

## CORPORATE AND FINANCIAL

Commercial and contractual discussions are nearing completion with Moolmans in regard to the production profile and the equipment fleet to suit.

Tshipi recorded an EBITDA of \$58.9 million and NPAT of \$38.5 million for the quarter, an increase on the previous final quarter of FY2022 (\$43.8 million and \$27.5 million, respectively). Whilst production and sales were down for the quarter, EBITDA and NPAT improved due to a reduction in cost of production and reversal of FY2022 year-end freight adjustment.

Tshipi hosted a site visit for delegates of the International Manganese Institute Conference held in Cape Town in May 2022. The conference focused on the expanding use of manganese in the battery industry, the short and medium term supply demand trends in the steel and alloy industry, and the increasing importance and focus on ESG across the industry.

Tshipi has commenced investigation into a number of materials handling solutions that could result in improved operational and safety efficiencies.



Figure 2: Tshipi host a site visit as part of the International Manganese Institute Conference.

## MARKETING AND MARKET OUTLOOK

### JUPITER MARKETING

Sales and financial information for Jupiter's marketing entity for the quarter ended 31 May 2022 and comparatives are presented below:

	Unit	Q1 FY2023	Q1 FY2022
Sales	Tonnes	351,878	389,555
Average CIF price achieved (HGL)	USD/dmtu	5.20	4.64
Average FOB price achieved (HGL)	USD/dmtu	3.57	-
Marketing fee income	AUD million	2.0	1.8
EBITDA	AUD million	1.8	1.7
NPAT	AUD million	1.4	1.0
Cash at bank	AUD million	1.2	1.4

### MARKET COMMENTARY AND OUTLOOK

Global crude steel production during Q1 FY2023 increased compared to Q4 FY2022 however for most regions, with the exception of India, production was lower than the same quarter in FY2022. Weakened downstream demand from industrial and construction sectors, particularly in largest producer China, during Q1 FY2023 has led to a large oversupply and build up of inventories at steel mills. Demand was significantly impacted by lockdown measures and associated restrictions during Q1 FY2023 as resurgences in COVID-19 were experienced in main metropolitan areas in China.

Manganese alloy prices, in most major alloy producing regions, rose at the beginning of the Q1 FY2023. An increase in raw material and associated production costs coupled with supply concerns following the political unrest between Russia and Ukraine led prices to surge. However, prices corrected themselves throughout the quarter as supply concerns abated in markets outside China. Meanwhile in China, pressure from the downstream steel sector coupled with the increased production costs have squeezed the margins of manganese alloy producers during Q1 FY2023 and this has intensified to date. Factories have been encouraged to decrease production in order to stabilise the industry as downstream demand has yet to recover.

Manganese ore prices for both seaborne and portside material jumped at the start of Q1 FY2023. The increased restocking activities coincided with a shortage of high grade oxide material. Semi-carbonate prices leveraged off the increase in high grade oxide prices but further increases were hampered by sufficient supply. However, seaborne prices started falling back during April and May 2022 as consumers felt the pressure from the subdued downstream steel sector. Portside prices diverged from seaborne prices towards the end of the quarter as the Chinese economy felt the impacts of renewed lockdown measures and traders were left with no choice but to increase portside prices as seaborne materials denominated in US dollars became progressively more expensive with the depreciation of the Chinese Yuan.

Stocks at main Chinese ports fluctuated throughout Q1 FY2023 and by the end of the quarter were sitting at approximately 5.2 million tonnes at the main ports in China. A steady decline of semi-carbonate material at Chinese ports has been noted recently as consumption has increased and this has lent support to semi-carbonate prices in June 2022.

Freight rates have increased as oil prices rose following Russia's invasion of Ukraine at the end of February 2022 and have since then remained elevated.

The manganese market remains finely balanced. Since lockdown restrictions were eased in major metropolitan areas in China at the beginning of June 2022 there have been some signs of confidence in the market, however, there still needs to be a consistent recovery in downstream steel demand which will further promote the manganese ore industry. Outside of China, crude steel production in other major producing areas showed signs of improvement since earlier in the quarter, however the large dependency on China hampered production in other regions. Fiscal policy and stimulus measures have been and continue to be implemented in order to promote economic recovery in 2022 and this is expected this to have a positive impact on steel demand.

Jupiter Board members, Ian Murray and Scott Winter, and Head of Marketing and Finance, Tracey Cloete, attended the International Manganese Institute Conference in Cape Town in May 2022, and also visited the Tshipi mine.



*Figure 3: Jupiter Board and Executives attend the International Manganese Institute Conference in Cape Town.*

## CORPORATE

### CASH POSITION

AUD million	Q1 FY2023	Q4 FY2022	Variance
Jupiter Mines	17,901,124	39,158,399	(21,257,275)
Tshipi (49.9% share)	46,150,493	35,617,876	10,532,617
<b>Total Attributable Cash</b>	<b>64,051,617</b>	<b>74,776,275</b>	<b>(10,724,658)</b>

The Group's net consolidated cash balance decreased during the quarter, after Jupiter paid its final FY2022 dividend in May 2022.

Jupiter is finalising the recruitment of the new Chief Executive Officer, and expects to make an announcement on this appointment prior to the Company's Annual General Meeting in July 2022.

### QUARTERLY CALL WITH CEO AND CHAIR

Jupiter would like to invite all shareholders and market participants to dial into a conference call and question and answer session on Wednesday 29 June at 2:30pm (AWST) using the below details:

Australian Dial-in: 1300 264 803

International Dial-in: +61 3 8687 0650

The call will be recorded and available on the Company website after the call.

*This announcement has been authorised for release by the Board of Jupiter Mines Limited.*

For investor and media inquiries, please contact:

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### About Jupiter Mines Limited

Jupiter Mines Limited (ASX: JMS) is a pure-play manganese company listed on the ASX. Well-led and headquartered in Perth, Western Australia, Jupiter's core asset is a 49.9% stake in Tshipi é Ntle Manganese Mining, an independently operated and managed, black-empowered company that operates the Tshipi Borwa manganese mine in South Africa's Kalahari region.

Tshipi Borwa is one of the world's largest and lowest-cost manganese export operations and has been in production since 2012.

Jupiter has a track record of returning value to shareholders, including through regular dividends, and a strategy to grow its exposure to manganese, a key metal used in steel and – increasingly – in the renewable energy space.

For further information on Jupiter, visit [www.jupitermines.com](http://www.jupitermines.com).

### Notes

1. All amounts are in Australian Dollars unless otherwise defined. Tshipi and Jupiter's marketing entity report in South African Rand. Where necessary, figures have been converted using average exchange rates below for each relevant period:

	USD / ZAR	AUD / ZAR
Q1 FY2023	15.28	11.09
Q1 FY2022	14.48	11.18

2. All financial information presented in this report is provisional and unaudited.
3. The following abbreviations have been used through the report:

FY2022	Financial year ended 28 February 2022
FY2023	Financial year ending 28 February 2023
bcm	Bank cubic metre
Dmt/dmtu	Dry metric tonne/dry metric tonne unit
CIF	Cost, insurance, freight
FOB	Free on board
HGL	High grade lumpy
YTD	Year to date
LTI	Lost time injury
LTIFR	Lost time injury frequency rate
TRIFR	Total recordable injury frequency rate
MECA	Manganese Export Capacity Allocation