

29 SEPTEMBER 2022

# Q2 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 August 2022.

## Tshipi Highlights

938,000 tonnes sold (increase on first quarter) and 854,000 tonnes (decrease, due to no low grade ore processing).

EBITDA A\$87.7 million and NPAT A\$54.9 million, a significant increase on Q1 FY2023.

No LTI's in the quarter, TRIFR decreased to 0.58.

Overall total mined volume was 2.29 million bcm.

FOB production costs continue to remain under budget, US\$1.96 per dmtu for the quarter.

Sales tracking ahead of annualised target, 1.7 million tonnes sold for the first half of FY2023.

CEO Brad Rogers and Chair Ian Murray to conduct call and Q&A on Thursday 29 September at 2:30pm AWST.

Please note all Tshipi information reported is on a 100% basis, and not Jupiter's 49.9% economic interest. 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 August 2022 and comparatives are presented below:

Key Statistics	Unit	Q2 FY2023	Q1 FY2023	YTD FY2023	Q2 FY2022
Production	Tonnes	853,905	883,384	1,737,289	945,382
Sales	Tonnes	938,016	755,600	1,693,616	807,767
Average CIF price achieved (HGL)	US\$/dmtu	5.08	5.46	5.11	4.62
Average FOB price achieved (HGL)	US\$/dmtu	3.36	3.56	3.43	-
Average FOB cost of production (HGL)	US\$/dmtu	1.96	1.82	1.90	2.26
Earnings before interest, tax & depreciation (EBITDA)	A\$ million	87.7	58.9	147.0	30.4
Net profit after tax (NPAT)	A\$ million	54.9	38.5	93.7	15.3
Cash at bank	A\$ million	115.4	92.5	115.4	91.8

Note: no FOB sales were executed in Q2FY2022 (only CIF), therefore no "average FOB price achieved" price is shown for that quarter.

## SAFETY AND ENVIRONMENT

Tshipi recorded no LTI's for the quarter and has maintained a LTIFR of 0 since April 2022. The TRIFR again decreased this quarter to 0.58.

## MINING AND PRODUCTION

Mining and Production	Unit	Q2 FY2023	Q1 FY2023	YTD FY2023	Q2 FY2022
Mined volume					
• Waste and low grade ore	bcm	2,081,409	2,457,969	4,539,378	3,709,033
• Graded ore	bcm	203,188	200,781	403,969	234,099
<b>Total</b>		<b>2,284,597</b>	<b>2,658,750</b>	<b>4,943,347</b>	<b>3,943,132</b>
Production					
• High grade	Tonnes	853,905	778,865	1,632,770	847,239
• Low grade	Tonnes	-	104,519	104,519	98,143
<b>Total</b>		<b>853,905</b>	<b>883,384</b>	<b>1,737,289</b>	<b>945,382</b>
Average FOB cost of production (HGL)	US\$/dmtu	1.96	1.82	1.90	2.26

For the August 2022 quarter, Tshipi produced 203,188 bcm of graded ore and 2.29 million bcm of in-situ mining movement. This was a reduction on the May quarter run rate, mainly due to unexpected 239mm of rainfall and a section 54 shut down resulting in a one week stop to mining (logistics continued). Further, there was increased mining of the barrier pillar mining (requiring less waste removal).

The best performance of the financial year for production was recorded in June 2022, where the processing plant achieved in excess of 331,000 tonnes. Low grade ore had not been processed since May 2022 due to unfavourable market conditions. Processing will only occur if low grade is required for blending.

FOB costs increased since the previous quarter due to increased drilling during the quarter (not ongoing) and higher diesel costs, as well as some increased use of trucking to facilitate the increased shipping rate for the quarter.

Shipping costs have started correcting resulting in CIF costs reducing for the quarter.

## LOGISTICS AND SALES

Logistics and Sales	Unit	Q2 FY2023	Q1 FY2023	YTD FY2023	Q2 FY2022
On-land logistics	Tonnes	897,479	809,048	1,706,527	944,499
Sales	Tonnes	938,016	755,600	1,693,616	807,767
Average CIF price achieved (HGL)	US\$/dmtu	5.08	5.46	5.11	4.62
Average FOB price achieved (HGL)	US\$/dmtu	3.36	3.56	3.43	-

As low grade volume sales had been suspended, the logistics capacity was used to transport high grade ore. Land logistics were higher due to higher sales and the volume went by road.

Tshipi shipped 938,016 tonnes for the quarter, a strong increase quarter on quarter, resulting from a decision to load 4 additional vessels during the August quarter, since it was financially advantageous to do so.

## CORPORATE AND FINANCIAL

Tshipi recorded an EBITDA of A\$87.7 million and NPAT of A\$54.9 million for the quarter, an increase on the previous quarter (A\$58.9 million and A\$38.5 million, respectively).

## MARKETING AND MARKET OUTLOOK

### JUPITER MARKETING

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

Jupiter Marketing Outcomes	Unit	Q2 FY2023	Q1 FY2023	YTD FY2023	Q2 FY2022
Sales	Tonnes	471,236	351,878	823,114	459,699
Average CIF price achieved (HGL) for sales concluded on a CIF basis	US\$/dmtu	5.13	5.20	5.16	4.71
Average FOB price achieved (HGL) for sales concluded on an FOB basis	US\$/dmtu	3.75	3.57	3.57	-
Marketing fee income	A\$ million	2.7	1.8	4.7	2.0
EBITDA	A\$ million	2.6	1.7	4.5	1.9
NPAT	A\$ million	2.1	1.0	3.5	1.5
Cash at bank	A\$ million	2.2	1.4	2.2	2.8

### MARKET COMMENTARY AND OUTLOOK

Crude steel production has decreased during the quarter, on a quarter-on-quarter and year-on-year basis, both on a global scale as well as for many major steel producing countries. Generally, crude steel production continues to be impacted by dampened downstream demand which has continued to be hampered by a downturn in the overall global economic environment. Steel production in China during the quarter continued to be impacted by weak demand from the industrial and construction sectors, particularly buoyed by the sustained depressed real estate sector. A marginal uptick in Chinese crude steel production in August was noted however production levels are still considerably lower than historical levels. The introduction of further stimulus and policy measures, particularly aimed at steel intensive industries, are essential to promote consistent demand recovery. The widespread energy crisis across Europe has resulted in reduced steel production as energy intensive industries, including steel mills and alloy plants, have been forced to curtail or even suspend production.

The reduced manganese alloy production, as a result of the European energy crisis mentioned above, has resulted in less demand for manganese ore in Europe as well as some Asian countries, such as India, who are reliant on the European market for manganese alloy exports. Coupled with other factors, such as stock levels, manganese ore demand in regions outside of China has been subdued throughout Q2. This has resulted in higher manganese ore exports being diverted into China, the primary market, which has put pressure on manganese ore prices during the quarter.

Seaborne and spot manganese ore prices spiked at the beginning of the quarter as sentiment turned positive following a drop in COVID-19 lockdown measures in main metropolitan areas of China after several weeks of restrictions. Unfortunately, downstream demand failed to materialise, and prices started correcting downwards, as was the general trend through the quarter. Prices faced more pressure through the quarter as imports into the key market increased and consumption of manganese ore by alloy plants decreased as they too started curtailing production due to weakened demand from local steel mills and depressed manganese alloy prices. These factors also contributed to portside manganese ore inventory levels in China increasing by circa 500,000 metric tonnes.

Ocean freight rates started easing during Q2 after a sustained period of historically high levels which has also contributed to a reduction in seaborne CIF denominated prices. Freight rates have reduced as a result of global economic factors impacting supply and demand fundamentals but also as costs, such as brent crude oil, have decreased.

Manganese ore prices are expected to remain under pressure until such time as downstream demand from alloy plants and, in turn, steel mills recover. Crude steel demand recovery, particularly in China, will in all likelihood need to be spurred by the introduction of major fiscal policy and stimulus measures by the Chinese Central Government. Outside of China, concerns over elevated energy costs and availability will remain an important factor influencing the industry in the short term.

## CORPORATE

### CASH POSITION

A\$ million	Q2 FY2023	Q1 FY2023	Variance
Jupiter Mines	18,964,756	17,901,124	1,063,632
Tshipi (49.9% share)	57,561,527	46,150,493	11,411,034
<b>Total Attributable Cash</b>	<b>76,526,282</b>	<b>64,051,617</b>	<b>12,474,665</b>

Jupiter appointed Brad Rogers as Managing Director and Chief Executive Officer during the quarter, with Brad commencing on 1 August 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 Thursday 29 September 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

- Dry Metric Tonne Unit (dmtu) is a "wet" metric tonne, adjusted for moisture content. For practical purposes, a "dry unit" can be taken as 10 kilograms per tonne of ore (or 1% of a tonne of ore). As an example, a price of US\$4 per dmtu could also be expressed as US\$400 per tonne of manganese ore (*therefore the second column, in the table below, multiplies the "dmtu" rates by 100 in each case, to determine the equivalent "per (wet) tonne" rate*).

To determine actual revenue received per tonne of manganese ore, the "per tonne" rate must be multiplied by the percentage of manganese contained in that tonne of ore. Tshipi's main product (high grade lumpy) sells by reference to a 36.5% manganese index (*therefore the last column, in the table below, multiplies each "per tonne" rate by 36.5*).

Conversion of Tshipi's Q2 FY2023 dmtu to tonnes and contained manganese tonnes (i.e. adjusted for moisture and manganese content) is shown below:

Q2 FY2023	US\$/dmtu	US\$/tonne	US\$/contained manganese tonne
Average CIF price achieved (HGL)	5.08	508.00	185.42
Average FOB price achieved (HGL)	3.36	336.00	122.64
Average FOB cost of production (HGL)	1.96	196.00	71.54

- 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:

	US\$ / ZAR	A\$ / ZAR
Q2 FY2023	16.43	11.41
Q1 FY2023	15.28	11.09
Q2 FY2022	15.86	11.25

- All financial information presented in this report is provisional and unaudited.
- 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