

Bluejay Mining

2020 results & Chairman's statement: Maiden drill programme in Finland begins; Dundas progressing

Bluejay Mining PLC ("JAY") has released its 2020 Annual Report and Financial Statements. A key takeaway from the Chairman's statement is the commencement of an inaugural drill and field programme at the Enonkoski Ni-Cu-Co Project in eastern Finland with Rio Tinto, as part of the JV and earn-in agreement. The initial 3km drill programme will test compelling near-mine targets (Laukunkangas Ni-Cu-Co mine produced 6.7Mt at 0.78% Ni and 0.22% Cu from 1984 – 1994). Whilst the Company's primary focus is the Dundas ilmenite project, where financing arrangements are progressing, we view this programme as a significant step towards realising the value of JAY's project portfolio. We raise our target price to GBP24/sh as a result of favourable Greenlandic tax changes and an increase in our long-term ilmenite price to US\$210/t from US\$200/t, still well below current spot of ~US\$330/t. We also note the potential for strong medium-term value catalysts as the BFS and financing terms for Dundas are finalised, at potentially very low ECA rates.

Dundas financing beginning to take shape

JAY has announced in February that it had received a letter of interest from the Export-Import Bank of the United States ("EXIM") for the provision of ~US\$208m in debt funding to develop the Dundas Ilmenite Project. The letter is non-binding and there is no guarantee that final terms can be reached as the Company seeks to meet the necessary eligibility requirements. However, EXIM's involvement at this stage is a positive sign that, upon completion of feasibility studies, funding can be readily secured at low interest rates. This, in tandem with European Export Credit Agencies and other traditional commercial lenders, will ensure favourable commercial terms for the development of Dundas, in our view.

Greenland remains pro mining

Greenland's Inuit Ataqatigiit ("IA") party formed a new government coalition in April 2021 and whilst there has been noise surrounding objections to uranium extraction at the Kvanefjord uranium and rare earth mine 6km from the city of Narsaq, we feel it is important to stress the government's pro-mining stance, with an IA MP stating "My party sees natural resources as an important part of securing broader economic development for Greenland". Bluejay has continued its community engagement through participation in an initial preparatory course in Qaanaaq with local student training at the Greenland School of Minerals & Petroleum. This will also provide access to a highly skilled local workforce to support Dundas' future operations.

Rio Tinto JV and earn in finalised; Finland programme begins

JAY received Rio Tinto's notification of satisfaction for the joint-venture and earn-in agreement on 8th January 2021 for the Enonkoski project, where they may acquire 75% interest by completing US\$20m of expenditure over three stages. A first phase 3km diamond drill programme has commenced, under strict Covid-19 protocols, to target mineralisation within 3km of the historic Laukangas Ni-Cu-Co mine alongside processing and interpretation of the mid-April magnetic UAV survey. With further programmes planned for summer and autumn 2021, we see strong potential for intercepts of key battery metals.

Valuation – target price increase to GBP24 with sensitivity to price upside

We upgrade our Dec'21 target to 24p/sh, implying 173% upside from the current price. We increase our long-term ilmenite to US\$210/t (FOB) from US\$200/t. This remains more conservative than the PFS input of US\$232/t and current spot at ~US\$330/t. We also update our tax rate to 25% (from 30%), with deductions in the calculation of royalties due. On this basis we reach an NPV8 of US\$305m for Dundas, to which we apply a 0.8x multiple. We then add a further US\$60m in value for JAY's earlier-stage but equally attractive exploration assets. Adjusting for working capital and G&A, we derive a total Dec'21E risked SOTP of US\$307m (24p/sh). Furthermore, we note for every US\$10/t delta in ilmenite we would see a ~2.7p change in SOTP; marking-to-market for current spot prices of ~US\$330/t, this would imply ~133% further upside to our PT to GBP56/sh.

GICS Sector	Materials
Ticker	LN:JAY
Market cap 21-May-21 (£m)	85.5
Share price 21-May-21 (GBP)	8.8
Target price 31-Dec-21 (GBP)	24

173%

Upside from current share price to our 24p/sh target

>700Mt

Potential ilmenite resource at Dundas



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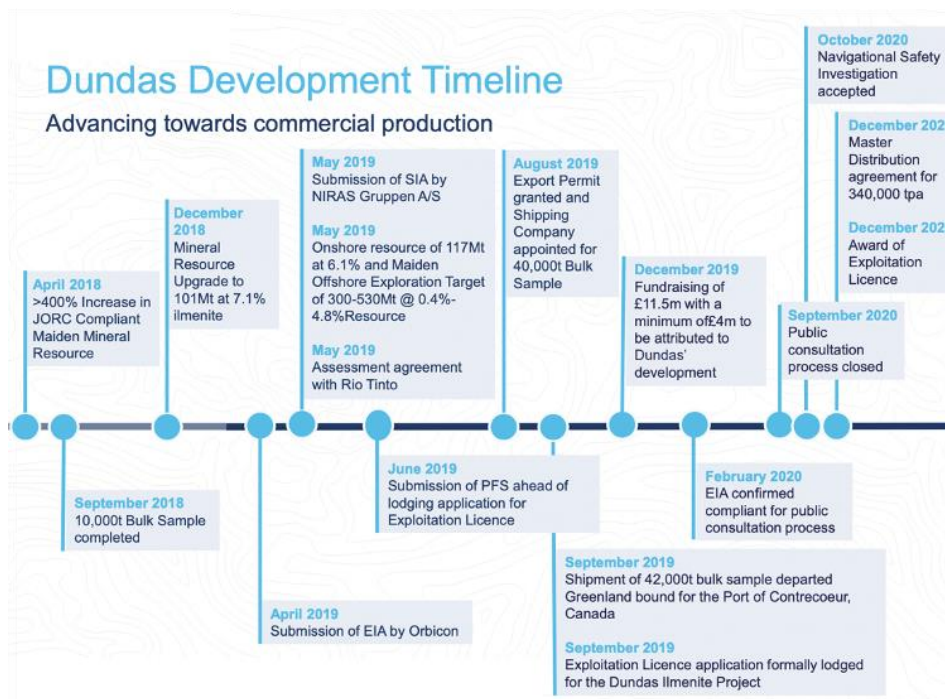
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Dundas Ilmenite Project

Bluejay continues to focus on development of the world’s highest-grade and permitted mineral sands ilmenite project, with a JORC resource of 117Mt at 6.1% ilmenite in situ and an exploration target of 300Mt – 530 Mt at 0.4 – 4.8% ilmenite. Completion of a Bankable Feasibility Study (“BFS”) and delivery of project funding are key deliverables expected in the medium term. The 42,000t bulk sample extracted in 2019 is at Bluejay’s pilot processing plant to undergo refinement of up to 10,000t of heavy mineral concentrate. The portion assigned to Rio Tinto Iron and Titanium Canada Inc for testing at their Sorel-Tracy Plant in Quebec is expected to be reduced from that originally envisaged to facilitate trials at other customers.

Bank debt funding packages to cover the full capex bill are likely to require completion of a full BFS, which we believe Bluejay should be able to achieve over the next 12 months. We have modelled first production from 2024, subject to Governmental sign-off of the exploitation and closure plan by the end of 2022, as stipulated in the Exploitation Licence announced December 2020.

Development timeline of the Dundas Project



Source: Company

First signs of potential funding options

Bluejay continues to explore financing arrangements for Dundas and a letter of interest has been received from the Export-Import Bank of the United States (“EXIM”) for the provision of ~US\$208m in debt funding to develop the Dundas Ilmenite Project - fully covering our DCF estimated ~US\$200m initial capex budget (US\$245m in 2019 PFS). This in combination with European Export Credit Agencies and other traditional commercial lenders will ensure favourable commercial terms for the development of Dundas on the back of a received Exploitation Licence and successful Offtake deal. Bluejay’s membership of the European Raw Material Alliance (“ERMA”) and titanium’s inclusion on the [EU’s 2020 Critical Raw Materials](#) list, along with a commitment to boosting local employment and supportive comments from various official bodies, could help

the company's efforts to access low-cost, government-backed funding options, in our view.

If quasi-governmental funding is available to JAY in the near-term, we believe this could cover the cost of a BFS and may negate the need to release an optimised Preliminary Feasibility Study ("PFS") as had previously been outlined by the Company. Meanwhile, we note JAY is considering the installation of renewable power capacity; while we believe this may involve additional capital, it could also attract very low cost state-backed loans or grants, whilst reducing energy costs. JAY's ability to find innovative project synergies has been demonstrated through its Research & Development tax credit rebate of £265k for eligible expenses incurred during the 2018 and 2019 years.

Offtake agreement a key step

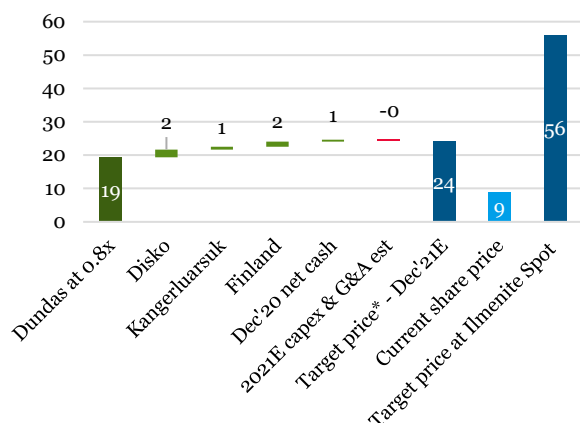
The signing of a Master Distribution Agreement ("MDA") with a major, long-established Asian conglomerate with global interests in metals and mining emphasises the demand for, and quality of, Dundas' product. The offtake deal secures sales of a minimum of 250ktpa of ilmenite from Dundas, up to a maximum of 340ktpa, a 70% increase on the original MOU of 200ktpa. The upper limit would equate to ~77% of the planned 440ktpa output. The MDA is commercially sensitive so JAY's offtake partner is not being named at this stage. JAY is confident that further agreements can be reached in due course to cover the remaining 100ktpa of planned output, aided by additional pilot material available for trials at other customers. The MDA covers a minimum of five years from the start of commercial production and can be renewed every 12 months. The price per tonne of the ilmenite will depend on independent industry benchmarks at the time of acceptance (e.g. from TZMI). While there will be a handling commission, presumably to cover the trading firm's freight costs, selling on an FOB basis from the port at Dundas will simplify operations from JAY's perspective, and remove the need for JAY to rehandle material at another site.

Valuation: target increased to GBp24 with sensitivity to price upside

We upgrade our Dec'21 target price to 24p per share, implying 173% upside from the current price. Our long-term ilmenite price is increased to US\$210/t (FOB) from US\$200/t. This remains more conservative than the PFS input of US\$232/t and current spot prices of ~US\$330/t. We also update our corporate tax rate to 25%, with deductions in the calculation of royalties due. Based on the potential size of the Resource, we continue to model 17 years of production beyond the 9-year PFS Reserve. On this basis we reach an NPV of US\$305m for Dundas, using an 8% WACC with production starting in 2024, to which we apply a 0.8x multiple. We then add a further US\$60m in nominal value for JAY's earlier-stage but equally attractive exploration assets. Adjusting for working capital and G&A, we derive a total Dec'21E risked SOTP of ~US\$307m (24p/sh). Furthermore, we note for every US\$10/t delta in ilmenite we would see a ~US\$42m change (~14%) in our Dundas NPV, equivalent to a ~2.7p change in SOTP; **marking-to-market for current ilmenite spot prices of ~US\$330/t, this would imply ~133% further upside to our PT to GBp56/sh.**

We also note the project's sensitivity to WACC and therefore the implications of a low interest rate from EXIM. Indeed, Ironbark Zinc Ltd received a proposed rate of 1.46% for up to US\$216m of funding (vs. JAY US\$208m) for its Citronen Zn-Pb project in the north of Greenland. Even if a WACC of 6% were achieved, our target price would jump to GBp32/sh.

Bluejay SOTP target price



Source: Company, H&Pe

Target price sensitivity to WACC and Capex

WACC (%)	Capex Multiplier						
	0.7	0.8	0.9	1.0	1.1	1.2	1.3
5%	40	39	38	37	36	35	35
6%	35	34	33	32	31	30	29
7%	31	30	29	28	27	26	25
8%	27	26	25	24	23	22	22
9%	24	23	22	21	20	19	19
10%	21	20	20	19	18	17	16
11%	19	18	17	17	16	15	14

Greenland remains pro mining to develop economy

Greenland's IA party formed a new government coalition in April 2021 and whilst there has been noise surrounding objections to uranium extraction at the Kvanefjord uranium and rare earth mine just 6km from the city of Narsaq, we feel it is important to stress the government's pro-mining stance, with an IA MP stating "My party sees natural resources as an important part of securing broader economic development for Greenland". Bluejay has continued its community engagement through participation in an initial preparatory course in Qanaaq with local student training at the Greenland School of Minerals & Petroleum. Such initiatives will provide access to highly skilled local workforce to support Dundas' future operations and underpins commitment to the Dundas Impact Benefit Agreement.

Extraction of the 42,000t bulk sample



Source: Company, KNR

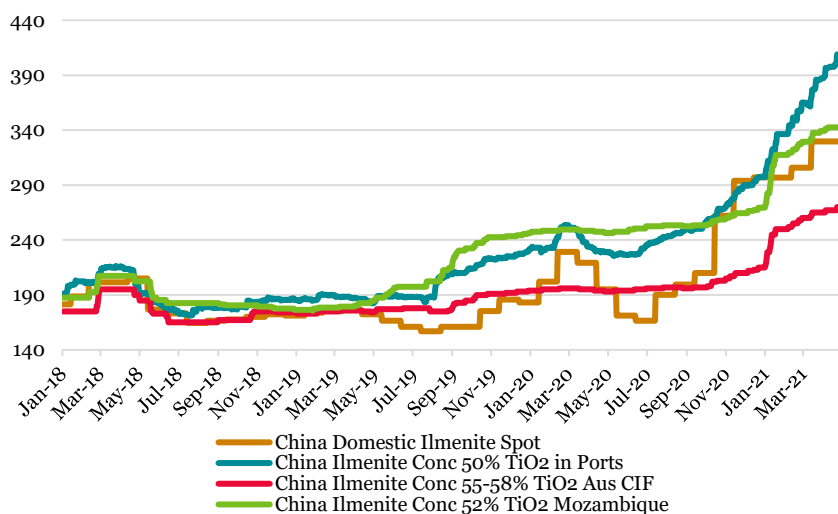
Greenland School of Minerals & Petroleum graduates



Ilmenite prices surge

Shifts in consumer behavior continue to support upward pressure in the TiO₂ market, with paint and coating demand sustained by an uptick in DIY sales globally and low housebuilder inventories. Industrialisation should underpin demand in the long-term as GDP grows in emerging economies in tandem with urbanisation. Based on ilmenite indices available on Bloomberg, Chinese domestic pricing is now around US\$330/t, while import prices could be as high as US\$405/t.

Ilmenite price strength continues in 2021 (US\$/t)



Source: Bloomberg

Finnish Assets

Bluejay and FinnAust, a wholly owned Finnish subsidiary, hold three large scale project areas in east Finland – a country with a strong mining tradition and rich in battery metals to meet the green revolution. The polymetallic assets are in areas of past production:

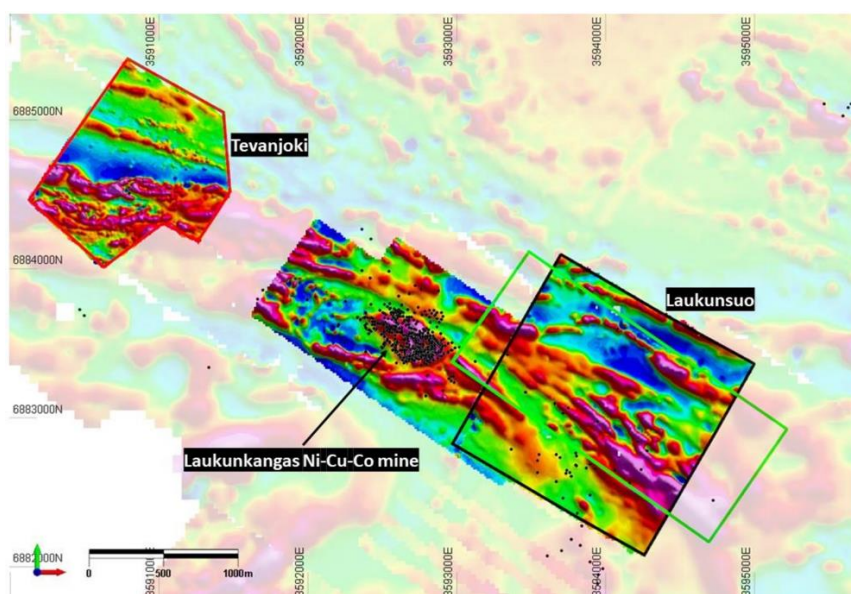
- Enonkoski Ni-Cu-Co-PGE project – historically produced 6.7Mt at 0.78% nickel and 0.22% copper from 1984 – 1994.
- Hammaslahti Cu-Zn-Au-Ag project – historically produced 10Mt at 1.16% Cu, 1.55% Zn, 0.59 g/t Au and 5.2 g/t silver from 1973 – 1986.
- Outokumpu Cu-Co-Au-Ag project – historically produced 57Mt at 3.1% Cu with polymetallic credits from 1908 – 1988.

Rio Tinto have signed a Joint Venture Agreement on the Enonkoski project, where they may acquire 75% interest by completing US\$20m of expenditure over three stages. JAY received Rio Tinto's notification of satisfaction for the joint-venture and earn-in agreement on 8th January 2021. This partnership will allow JAY to accelerate their phased approach to exploration in Finland.

Enonkoski covers over 2,300 Ha of mafic – ultramafic noritic rocks (prospective for Ni-Cu-PGE magmatic sulphide deposits) between and along 15km of strike from the historical, state owned Enonkoski and Hälvälä mines. In addition to the Enonkoski (Laukunkangas) mine, historic intercepts of the massive ore include 32.9m at 4.09% Ni, 0.56% Cu, 0.17% Co and 19.7m at 6.12% Ni, 1.94% Cu, 0.29% Co.

The drilling and field programme, operated under strict Covid-19 protocols, will include 3km of first phase diamond drilling to test several geophysical targets in the Tevanjoki and Laukunsuo areas within Enonkoski for mineralisation, supported by base of till nickel anomalies and historical observations of mineralised noritic outcrops (up to 1.1% Ni). All targets are within a 3km radius of the past producing Enonkoski Ni-Cu-Co mine. Magnetic data from the detailed 160-line-kilometer UAV survey conducted in mid-April is currently being processed and interpreted and additional exploration activities are planned for the summer and autumn of this year.

Tevanjoki and Laukunsuo areas within the Enonkoski project. Note the green outline shows the extent of the UAV magnetic survey conducted in mid-April



Source: Company

Valuation/ Price Target Derivation - Dec'21E				
	Value - \$m	Multiple	Risked value - \$m	PT - GBP/share
Dundas - DCF discounted to Dec'21E	305	0.8	244	19
Disko - est. value	30	1.0	30	2
Kangerluarsuk - est. value	10	1.0	10	1
Finland	20	1.0	20	2
Total asset value	365		304	24
Net Debt/ Cash - Dec'20	8	1.0	8	1
Less 2021E capex & G&A	(5)	1.0	(5)	(0)
Total equity SOTP - Dec'21E	368		307	24
Current share price				8.8
Upside/ downside from current share price - %				173%

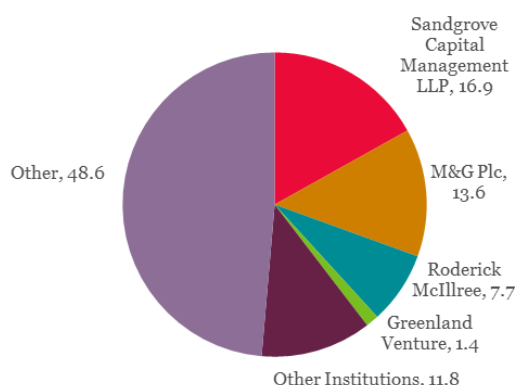
Source: Company reports, H&P estimates, CapIQ

Ore Reserves & Assumed Mineral Inventory			
Category	LoM	Tonnes (Mt)	Ilmenite head grade (%)
Probable Reserves	Years 1 - 9	67.1	7.4%
May'19 Indicated Resource converted to Reserves	Years 10 - 11	16.0	7.0%
Assumed Additional Mineral Inventory	Years 12 - 27	122.6	7.0%

Source: Company reports, H&P estimates.

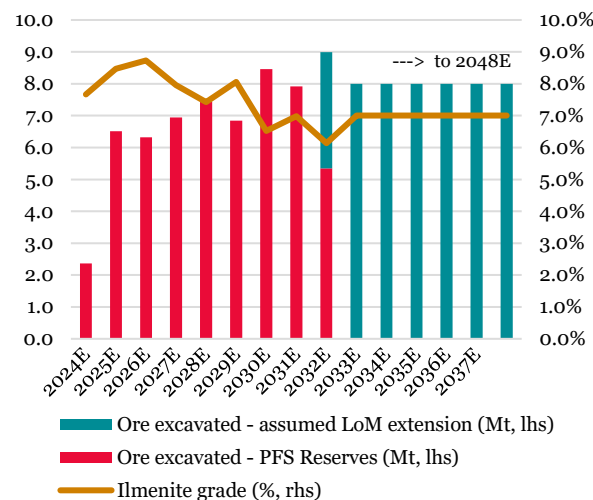
Key Charts

Shareholder Structure



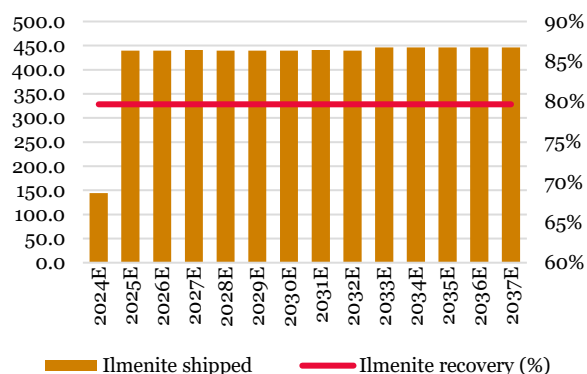
Source: Company report

Ore excavated vs Grade



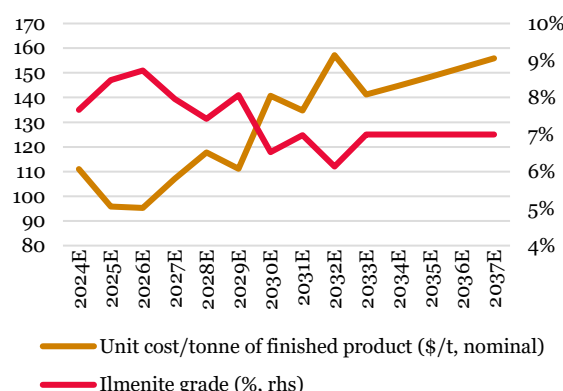
Source: Company reports, H&P estimates.

Ilmenite tonnage shipped and recovery rate



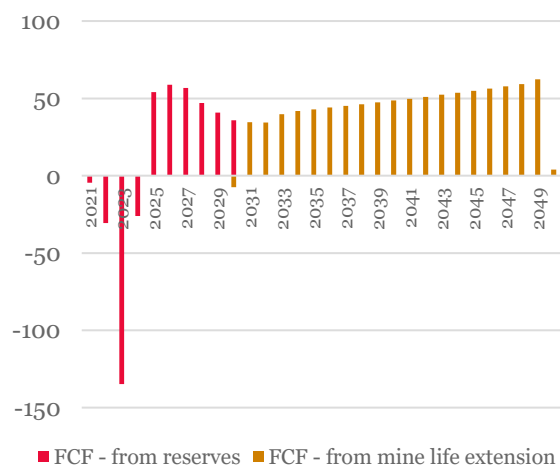
Source: Company reports, H&P estimates.

Unit cost of finished product vs RoM ilmenite grade



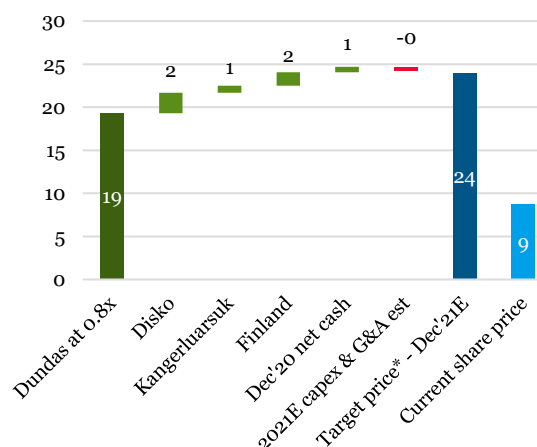
Source: Company reports, H&P estimates.

Dundas FCF (US\$m)



Source: Company reports, H&P estimates.

Price target derivation (GBP per share)



Source: H&P estimates, *PT rounded to nearest 1p.

Dundas Ilmenite Project, Greenland											Average	
Year end December		FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31-48E
Pricing, production & shipments												
Realised Ilmenite price (nominal)	\$/dmt	220.6	226.1	231.8	237.6	243.5	249.6	255.9	262.3	268.8	275.5	351.3
Ilmenite production	000dmt	-	-	-	144.5	439.5	439.6	440.8	439.6	439.6	439.6	445.6
Ilmenite shipped	000dmt	-	-	-	144.5	439.5	439.6	440.8	439.6	439.6	439.6	445.6
Finished Ilmenite stockpile	000dmt	-	-	-	-	-	-	-	-	-	-	-
Revenue												
Total FOB revenue	\$ m	-	-	-	34.3	107.0	109.7	112.8	115.3	118.2	121.1	156.6
Cost of Production												
Cash unit opex/t of finished product (nominal)	\$/dmt	-	-	-	111.0	95.8	95.3	107.1	117.7	111.1	140.7	166.8
Cash cost of production	\$ m	(2.6)	(2.6)	(2.6)	(16.0)	(42.1)	(41.9)	(47.2)	(51.7)	(48.8)	(61.9)	(74.3)
P&L cost adjusted for inventory moves	\$ m	(2.6)	(2.6)	(2.6)	(16.0)	(42.1)	(41.9)	(47.2)	(51.7)	(48.8)	(61.9)	(75.0)
Profit and Loss												
EBITDA	\$ m	(2.6)	(2.6)	(2.6)	18.3	64.9	67.9	65.6	63.5	69.3	59.3	81.6
D&A	\$ m	-	-	-	(9.9)	(27.9)	(27.7)	(31.3)	(34.3)	(32.3)	(41.0)	(14)
Royalties paid	\$ m	-	-	-	(0.9)	(2.7)	(2.7)	(2.8)	(2.9)	(3.0)	(3.0)	(3.9)
Tax expenses	\$ m	-	-	-	-	-	-	-	(10.7)	(14.9)	(12.7)	(17.5)
Net profit/loss after tax	\$ m	(2.6)	(2.6)	(2.6)	7.6	34.4	37.4	31.5	15.7	19.1	2.7	58.8
Capital Expenditure												
Sustaining capex	\$ m	-	-	-	(0.3)	(0.9)	(0.9)	(1.0)	(1.1)	(1.1)	(8.5)	(14)
Growth capex	\$ m	(2.0)	(26.6)	(133.4)	(40.0)	-	-	-	-	-	-	-
Capital expenditure	\$ m	(2.0)	(26.6)	(133.4)	(40.3)	(0.9)	(0.9)	(1.0)	(1.1)	(1.1)	(8.5)	(14)
FCF & DCF												
EBITDA	\$ m	(2.6)	(2.6)	(2.6)	18.3	64.9	67.9	65.6	63.5	69.3	59.3	81.6
Movement in working capital	\$ m	0.0	(1.3)	1.3	(1.7)	(2.7)	(0.3)	0.3	0.4	(0.8)	1.4	(0.2)
Capex	\$ m	(2.0)	(26.6)	(133.4)	(40.3)	(0.9)	(0.9)	(1.0)	(1.1)	(1.1)	(8.5)	(14)
Taxes & royalties paid	\$ m	-	-	-	(0.9)	(2.7)	(2.7)	(2.8)	(3.6)	(7.9)	(15.7)	(21.4)
Free cash flow	\$ m	(4.6)	(30.6)	(134.7)	(24.6)	58.6	63.9	62.0	49.3	49.5	36.5	58.7
IRR		23%										
Discounted cash flow @ 8% WACC	\$ m	304.9										

Source: H&P estimates, Company reports.

Summary Financials & Valuation

Bluejay Mining - Financial Statements

Income statement							
Year end December		2019	2020	2021E	2022E	2023E	2024E
Revenue	£m	-	-	-	-	-	26.4
Cost of Sales	£m	-	-	-	-	0.0	(7.2)
Depreciation	£m	(0.5)	(0.6)	-	-	-	(7.6)
Gross profit/(loss)	£m	-	-	-	-	0.0	19.2
Other operating costs	£m	(1.8)	(2.5)	(2.0)	(2.0)	(2.0)	(5.1)
Operating profit/(loss)	£m	(1.8)	(2.5)	(2.0)	(2.0)	(2.0)	14.1
Finance income	£m	0.0	0.0	-	-	-	-
Finance Costs	£m	-	-	-	-	-	-
FX gains/losses	£m	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Other gains/(losses)	£m	0.0	0.0	0.0	0.0	0.0	(0.6)
Profit/(Loss) before tax	£m	(1.8)	(2.5)	(2.0)	(2.0)	(2.0)	5.8
Tax credit/(expense)	£m	-	0.2	-	-	-	-
Net profit/(loss)	£m	(1.8)	(2.3)	(2.0)	(2.0)	(2.0)	5.8
EBITDA	£m	(1.8)	(2.5)	(2.0)	(2.0)	(2.0)	14.1

Cash flow statement							
Year end December		2019	2020	2021E	2022E	2023E	2024E
Profit/(loss) before tax	£m	(1.8)	(2.5)	(2.0)	(2.0)	(2.0)	5.8
Depreciation	£m	(0.5)	(0.6)	-	-	-	(7.6)
Other non-cash items/adjustments	£m	0.5	1.6	0.2	0.2	0.2	15.4
Operating cash inflow/(outflow)	£m	(1.8)	(1.5)	(1.8)	(1.8)	(1.8)	13.7
Working capital change	£m	(0.7)	(0.0)	0.0	(1.0)	1.0	(1.3)
Net interest (paid)/received	£m	(0.7)	-	-	-	-	-
Tax (paid)/received	£m	-	0.2	-	-	-	-
CFO	£m	(3.2)	(1.3)	(1.7)	(2.8)	(0.8)	12.4
Additions to PPE	£m	(0.5)	(0.2)	(1.5)	(20.5)	(102.6)	(31.0)
Other	£m	(7.8)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
CFI	£m	(8.4)	(2.7)	(4.0)	(22.9)	(105.1)	(33.5)
Minimum debt repayments	£m	-	-	-	-	-	-
Other movement in net debt	£m	-	-	-	-	-	-
New equity issued	£m	10.9	-	-	-	-	-
Other	£m	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
CCF	£m	10.7	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net change in cash	£m	1.5	(4.4)	(5.9)	(25.9)	(106.0)	(21.3)
FX impact on cash & equivalents	£m	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Beginning cash & equivalents	£m	8.8	10.3	5.9	(0.0)	(25.9)	(132.0)
Ending cash & equivalents	£m	10.3	5.9	(0.0)	(25.9)	(132.0)	(153.3)

Balance sheet							
Year end December		2019	2020	2021E	2022E	2023E	2024E
Cash balance/(funding shortfall)	£m	10.3	5.9	(0.0)	(25.9)	(132.0)	(153.3)
Receivables	£m	1.5	1.5	0.8	1.0	-	2.2
Inventory	£m	-	-	-	-	-	-
Other	£m	-	0.1	0.1	0.1	0.1	0.1
Current Assets	£m	11.8	7.5	0.8	(24.8)	(131.9)	(151.0)
PPE	£m	2.8	2.6	4.1	24.6	127.2	150.6
Other	£m	23.1	26.8	29.3	31.9	34.5	37.1
Fixed Assets	£m	25.9	29.3	33.4	56.5	161.7	187.6
Payables	£m	1.2	1.2	0.8	-	(0.0)	0.9
Short Term Debt	£m	-	-	-	-	-	-
Other	£m	0.1	0.1	0.1	0.1	0.1	0.1
Current Liabilities	£m	1.3	1.2	0.9	0.1	0.1	1.0
Long term debt	£m	-	-	-	-	-	-
Other	£m	0.6	0.5	0.5	0.5	0.5	0.5
Non Current Liabilities	£m	0.6	0.5	0.5	0.5	0.5	0.5
Total Equity	£m	37.7	36.9	34.7	32.0	30.2	37.1

Ratios and per share data							
Year end December		2019	2020	2021E	2022E	2023E	2024E
Wtd average shares in issue	m	970.0	971.6	971.6	971.6	971.6	971.6
Revenue growth	%			0%	0%	0%	0%
EBITDA margin	%						53%
ROCE	%	-9%	-10%	-6%	-3%	-1%	3%
ROE	%	-5%	-6%	-6%	-6%	-7%	16%
EPS	£p/sh	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	0.6
Free cash flow	£m	(10.9)	(5.0)	(3.5)	(23.5)	(103.6)	(18.9)
FCF/share	£m/sh	(0.01)	(0.01)	(0.00)	(0.02)	(0.11)	(0.02)
Net debt/equity	%	-29%	-17%	0%	82%	445%	430%
EV/EBITDA	x	(53.8)	(45.7)	(60.5)	(73.6)	(127.2)	19.4
EV/Sales	x						10.3

Production volumes							
Year end December		2019	2020	2021E	2022E	2023E	2024E
Ilmenite	kt	-	-	-	-	-	145

Shipment volumes							
Year end December		2019	2020	2021E	2022E	2023E	2024E
Ilmenite	kt	-	-	-	-	-	145

Mineral sands price assumptions (nominal)							
Year end December		2019	2020	2021E	2022E	2023E	2024E
Ilmenite - spot	US\$/tonne		190	221	226	232	238
Ilmenite - realised	US\$/tonne				223	229	235

Cash Costs							
Year end December		2019	2020	2021E	2022E	2023E	2024E
Cash costs/t finished product	US\$/tonne	-	-	-	-	-	111
Total Cash Cost	US\$m	(2)	(3)	(3)	(3)	(3)	(16)
Cost of sales (P&L)	US\$m	-	-	-	-	0	(19)

Market cap, net debt & enterprise value							
Year end December		2019	2020	2021E	2022E	2023E	2024E
Market Cap	£m	119.7	119.7	119.7	119.7	119.7	119.7
Net Cash/(Debt)	£m	10.3	5.9	(0.0)	(25.9)	(132.0)	(153.3)
Rolling EV	£m	109.4	113.7	119.7	145.6	251.6	272.9

Valuation/ Price Target Derivation - Dec'19E				
Year end December		Value	Multiple	Risked NAV
Dundas Ilmenite project	US\$m	304.9	0.8	243.9
Other projects	US\$m	60.0	1.0	60.0
Net Debt/ Cash	US\$m	7.7		7.7
Total Value	US\$m	368.1		307.1
Shares outstanding	m			971.6
NPV/ Target Price per share	US cents			31.6
USD/GBP FX	\$/£			1.30
NPV/ Target Price per share*	GBP			24
Current share price	GBP			8.8
Upside from current share price	%			173%

*Rounded to nearest 1p

Source: H&P estimates, Company Reports.

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