Spot Scenarios

Lithium/copper CY27 MtM EBITDA upgrades narrow; gold still MtM downgrades

Key takeaways: 1) **Platts spodumene** has pulled back to ~$2,165/t; however, lithium names still lead the coverage in CY27 MtM EBITDA upgrades – PLS/IGO/MIN/LTR at 34%/29%/24%/7%. respectively. 2) **Copper** at ~$6.10/lb sees SFR/CSC screen with ~18% MTM CY27 EBITDA upgrades. 3) With **Iron ore** at ~$99/t and freight costs increasing again (to $13.3/t) as the Middle East conflict re-escalates, BHP now screens with a 2% MTM downgrade whilst RIO sees a 5% upgrade, helped by the aluminium Midwest premium; FMG is a 16% MtM downgrade. BHP is now trading at a spot CY27 EV/EBITDA of 7x vs RIO at 5.3x. 4) As **Gold** hovers at ~$4,000/oz, the entire coverage continues to screen with MtM downgrades between 4-33%. Our top picks are BHP, RIO, CSC, SFR, PLS, NEM, GMD, CMM and LYC.

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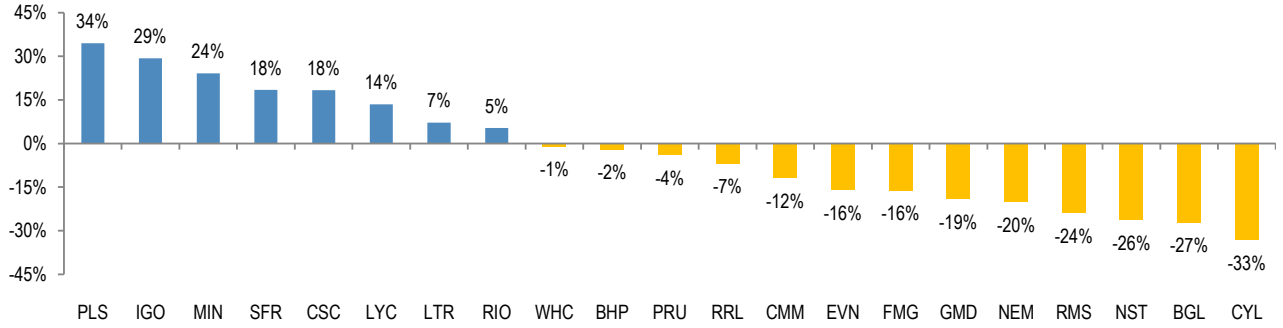
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Figure 1: Spot vs Bloomberg consensus – CY27E EBITDA (Dec YE for all companies)



Source: Bloomberg Finance L.P., J.P. Morgan estimates. Note: S32/IGO EBITDA on Bloomberg is a mix of statutory and underlying, hence some data quality issues (NPAT below is a better guide).

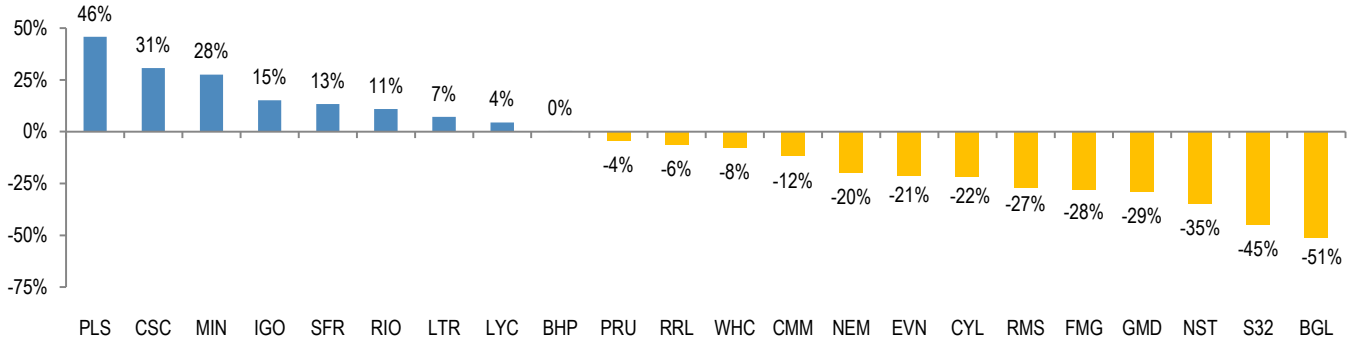
See page 8 for analyst certification and important disclosures, including non-US analyst disc



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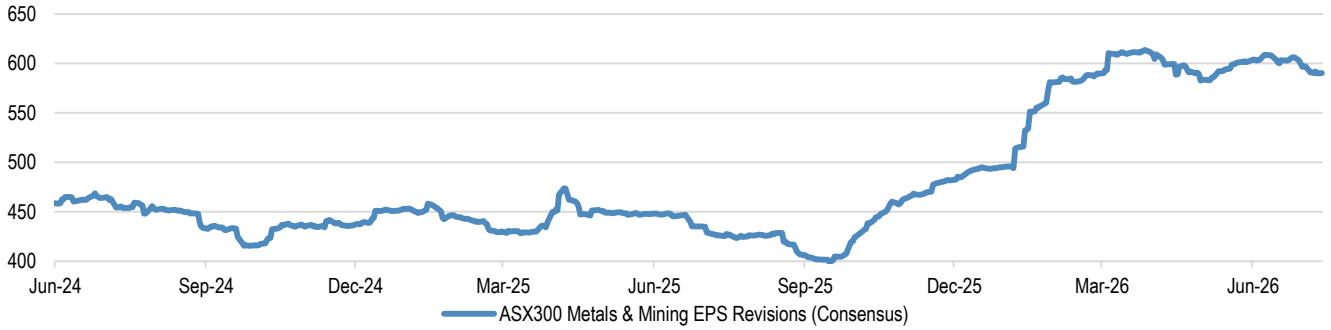
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Figure 2: Spot vs Bloomberg consensus – CY27E NPAT (Dec YE for all companies)



Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 3: ASX300 Metals & Mining Index EPS revisions



Source: Bloomberg Finance L.P.

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Table 1: Mining sector snapshot at spot prices to perpetuity

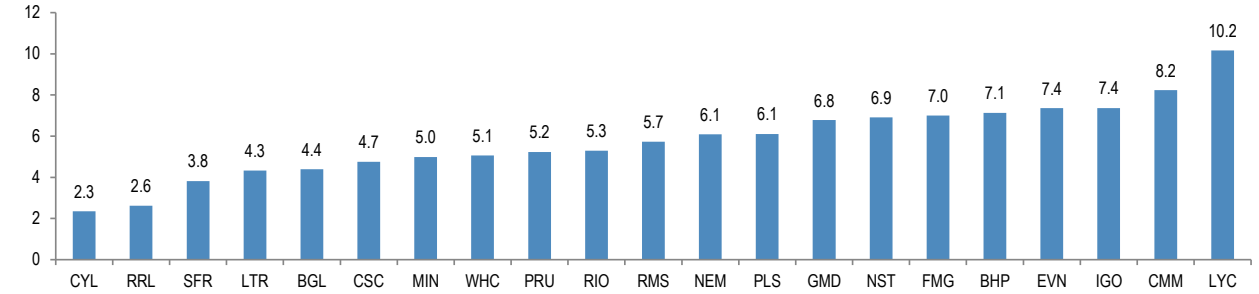
	Ticker	Rec.	Mk Cap	EV	Price	PT	NPV	P/NPV	P/E		EV/EBITDA		FCF yield		Dividend yield		Net debt / (cash)		Gearing	
			(A$ bn)	(A$ bn)	(A$)	(A$)	(A$)	(x)	CY27E	CY28E	CY27E	CY28E	CY27E	CY28E	CY27E	CY28E	2H27E	2H28E	CY27E	CY28E
Majors																				
BHP (US$m)	BHP	OW	296	325	58.17	67.00	80.87	0.7	15.6	13.9	7.1	6.6	4%	4%	3.8%	4.3%	10,472	8,091	13%	10%
Rio Tinto (US$m)	RIO	OW	224	252	162.85	209.00	292.31	0.6	12.3	11.2	5.3	4.7	4%	5%	4.5%	4.9%	7,454	1,161	8%	1%
Weighted Average									**14.2**	**12.7**	**6.3**	**5.8**	**4%**	**5%**	**4.1%**	**4.6%**	**9,172**	**5,107**	**11%**	**6%**
Other Metals																				
Fortescue (US$m)	FMG	OW	57.8	59.2	18.77	24.00	25.61	0.7	20.1	17.7	7.0	6.5	3%	3%	3.0%	3.3%	2,845	2,928	11%	11%
South32 (US$m)	S32	OW	17.8	17.9	3.96	4.60	5.03	0.8	20.7	32.7	10.8	23.1	3%	2%	2.6%	1.8%	-1,965	-1,632	-19%	-15%
Whitehaven (A$m)	WHC	N	6.4	7.2	7.76	8.00	14.67	0.5	12.8	9.3	5.1	4.0	2%	4%	2.5%	4.1%	1,370	734	22%	12%
Sandfire (US$m)	SFR	OW	8.6	8.6	18.43	21.00	22.83	0.8	9.8	9.8	3.8	3.3	1%	1%	1.5%	1.5%	-1,176	-1,675	-75%	-110%
Capstone (US$m)	CSC	OW	10.0	12.2	13.04	17.30	20.30	0.6	11.4	10.9	4.7	4.5	0%	0%	0.0%	0.0%	-351	-613	-6%	-10%
IGO (A$m)	IGO	N	5.1	4.7	6.69	8.00	12.42	0.5	8.8	8.0	7.4	6.0	3%	4%	3.1%	3.6%	-1,028	-1,477	-61%	-88%
Iluka (A$m)	ILU	N	2.7	3.8	6.36	6.80	9.46	0.7	NM	NM	NM	NM	NM	2%	0.9%	2.2%	2,144	2,091	55%	56%
Deterra (A$m)	DRR	N	2.3	2.4	4.32	5.10	5.78	0.7	15.9	16.3	10.6	10.7	5%	5%	4.7%	4.6%	65	18	23%	6%
Mineral Resources (A$m)	MIN	NR	11.5	16.8	57.99	NR	117.52	0.5	11.1	7.5	5.0	3.7	2%	5%	1.6%	4.7%	3,338	1,972	34%	21%
Pilbara (A$m)	PLS	OW	14.4	14.2	4.47	7.30	14.37	0.3	10.9	10.2	6.1	5.8	4%	5%	4.0%	4.9%	-1,149	-1,096	-29%	-24%
Lynas (A$m)	LYC	OW	16.2	15.3	16.05	22.00	24.93	0.6	18.0	14.0	10.2	7.5	0%	0%	0.0%	0.0%	-1,888	-2,977	-63%	-98%
Paladin (US$m)	PDN	UW	4.1	3.8	9.03	9.20	7.96	1.1	77.3	66.2	26.5	21.3	0%	0%	0.0%	0.0%	-194	-105	-21%	-9%
Boss Energy (A$m)	BOE	UW	0.5	0.5	1.23	0.90	0.96	1.3	15.4	15.6	5.0	5.0	0%	0%	0.0%	0.0%	-53	-68	-13%	-16%
Weighted Average								**0.7**	**17.7**	**17.0**	**7.6**	**8.1**	**2%**	**3%**	**2.3%**	**2.7%**	**737**	**515**	**-10%**	**-17%**
Gold																				
Evolution (A$m)	EVN	OW	23.0	23.5	11.33	14.30	15.96	0.7	15.0	12.8	7.4	6.4	2%	3%	1.9%	2.7%	-316	-1,077	-4%	-14%
Newmont (US$m)	NEM	OW	142.8	138.3	133.76	177.00	169.82	0.8	11.7	10.4	6.1	5.4	1%	1%	1.1%	1.2%	-8,088	-11,816	-25%	-37%
Northern Star (A$m)	NST	N	27.6	28.6	19.39	21.00	20.71	0.9	14.1	8.8	6.9	4.9	2%	3%	2.2%	3.1%	2,231	1,589	12%	8%
Capricorn (A$m)	CMM	OW	5.6	5.2	12.38	15.60	15.97	0.8	13.5	8.0	8.2	4.3	1%	2%	1.1%	1.9%	-537	-1,107	-39%	-77%
Genesis (A$m)	GMD	OW	6.6	6.6	5.79	7.40	7.50	0.8	12.9	8.7	6.8	4.4	2%	3%	2.3%	3.4%	-118	-536	-6%	-23%
Perseus (US$m)	PRU	OW	6.3	5.7	4.78	6.20	5.83	0.8	9.9	7.5	5.2	3.7	4%	4%	4.1%	3.8%	-850	-1,417	-35%	-57%
Ramelius (A$m)	RMS	OW	5.5	5.0	2.92	4.60	4.69	0.6	13.7	9.0	5.7	3.8	1%	2%	1.4%	2.4%	-546	-864	-14%	-21%
Bellevue (A$m)	BGL	OW	1.9	2.1	1.29	1.55	1.59	0.8	13.7	7.6	4.4	2.6	0%	0%	0.0%	0.0%	-199	-516	-21%	-57%
Catalyst Metals	CYL	0	1.4	1.2	5.53	8.30	8.20	0.7	5.8	4.7	2.3	1.4	2%	5%	1.8%	4.7%	-494	-720	-80%	-106%
Regis (A$m)	RRL	N	4.8	4.0	6.34	6.60	6.40	1.0	6.7	5.5	2.6	2.1	2%	1%	2.0%	1.0%	-1,396	-1,584	-102%	-79%
Weighted Average								**0.8**	**12.3**	**10.1**	**6.2**	**5.2**	**1.5%**	**2%**	**1.5%**	**1.8%**	**-4,964**	**-7,537**	**-20%**	**-32%**

Source: Bloomberg Finance L.P., J.P. Morgan estimates. Note: As of intra day Australia market on 14 July. NR: Not Rated.

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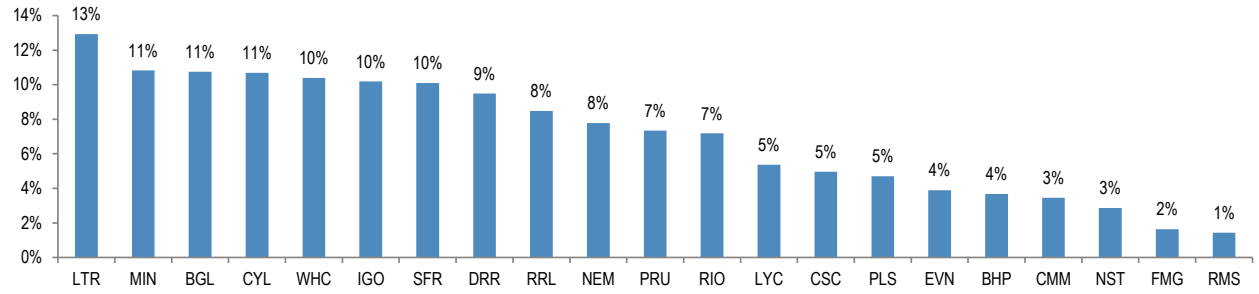
Comparable metrics at spot – CY27E

Figure 4: EV/EBITDA ranking at spot



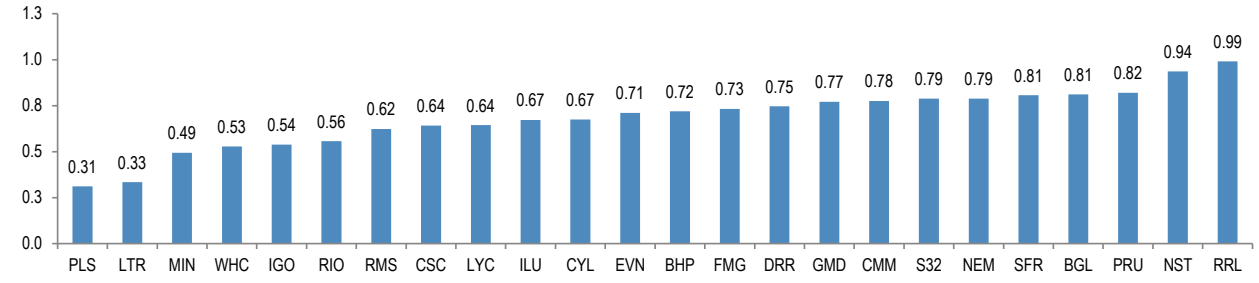
Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 5: FCF yield at spot



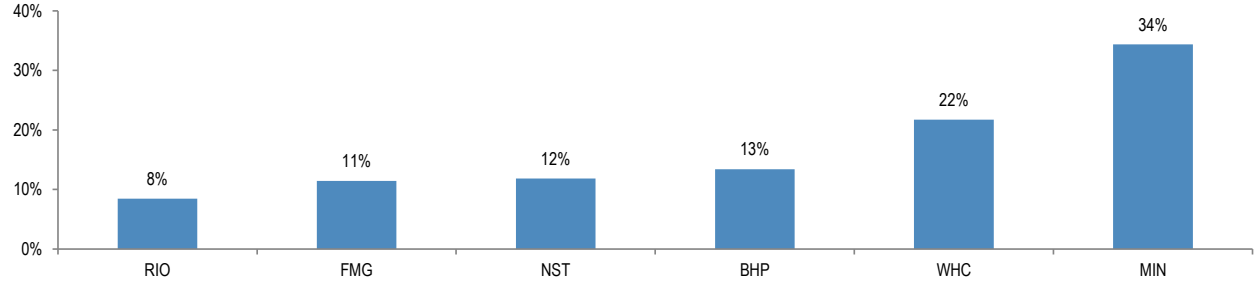
Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 6: P/NPV at spot



Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 7: Spot gearing



Source: Bloomberg Finance L.P., J.P. Morgan estimates.

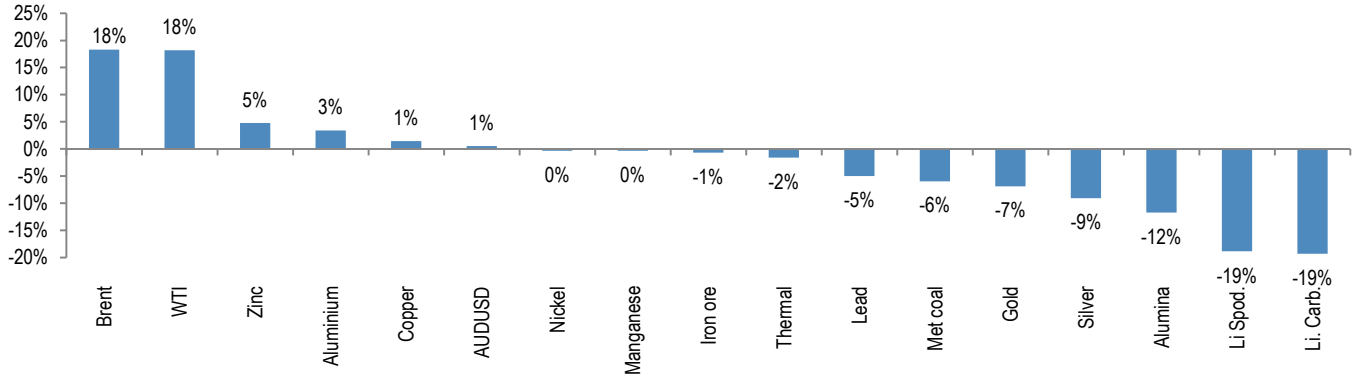
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Table 2: J.P. Morgan price assumptions

Current nominal forecasts	2025A	2026E	2027E	2028E	2029E	2030E	2031E	LT (real)	Spot
Base Metals									
Copper (US$/lb)	4.52	6.00	6.05	6.05	6.08	6.12	6.20	5.50	6.14
Nickel (US$/lb)	6.97	7.75	7.63	7.91	8.32	8.81	9.21	8.16	7.60
Zinc (US$/lb)	1.29	1.56	1.54	1.46	1.42	1.41	1.41	1.25	1.62
Lead (US$/lb)	0.90	0.87	0.89	0.94	1.03	1.15	1.24	1.10	0.85
Aluminium ($/t)	2,638	3,224	3,062	3,019	2,999	2,973	2,984	2,646	3,167
Alumina spot FOB WA (US$/t)	386	320	374	390	403	416	429	380	330
Bulk Commodities									
Iron ore fines (US$/dt CFR China)	102	103	99	94	91	97	102	90	98
Thermal coal (US$/t)	106	129	131	130	128	125	124	110	129
Hard coking coal (US$/t) - spot	188	239	246	248	249	251	254	225	231
Semi-soft coking coal (US$/t)	116	146	151	158	165	172	178	158	137
Precious Metals									
Gold (US$/oz)	3,440	4,420	4,293	4,494	4,578	4,581	4,625	4,100	3,998
Silver (US$/oz)	40.08	69.81	63.20	66.12	67.18	67.11	67.69	60.00	57.48
Currencies									
AUD/USD	0.64	0.70	0.69	0.70	0.71	0.73	0.74	0.74	0.69
Other									
Manganese ore (US$/dmtu)	4.58	5.12	5.09	5.22	5.36	5.50	5.64	5.00	5.07
Ferro-Manganese Alloy (US$/t)	1,233	1,313	1,318	1,294	1,269	1,245	1,241	1,100	1,360
Freight WA - China (US$/t)	9.12	11.05	10.11	10.40	10.70	10.99	11.28	10.00	13.30
Mineral Sands									
Zircon (US$/t)	1,953	1,676	1,697	1,691	1,685	1,680	1,692	1,500	1,835
Rutile (US$/t)	1,443	1,180	1,263	1,285	1,306	1,328	1,354	1,200	1,141
Synthetic Rutile (US$/t)	1,298	1,062	1,117	1,105	1,093	1,081	1,083	960	
Chloride Ilmenite (US$/t)	349	487	467	431	394	358	338	300	485
Rare Earths									
Neodymium oxide - FOB (US$/kg)	75	123	127	130	134	139	143	126	129
Praseodymium oxide - FOB (US$/kg)	76	123	127	130	134	139	143	126	131
Lithium									
Carbonate - Battery grade (US$/t)	9,469	22,585	28,875	25,200	23,030	21,238	20,306	18,000	22,186
Hydroxide - Battery grade (US$/t)	9,906	24,114	27,500	24,000	22,200	20,919	20,306	18,000	20,270
Spodumene concentrate (US$/t)	837	2,385	2,750	2,375	2,091	1,836	1,692	1,500	2,232

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

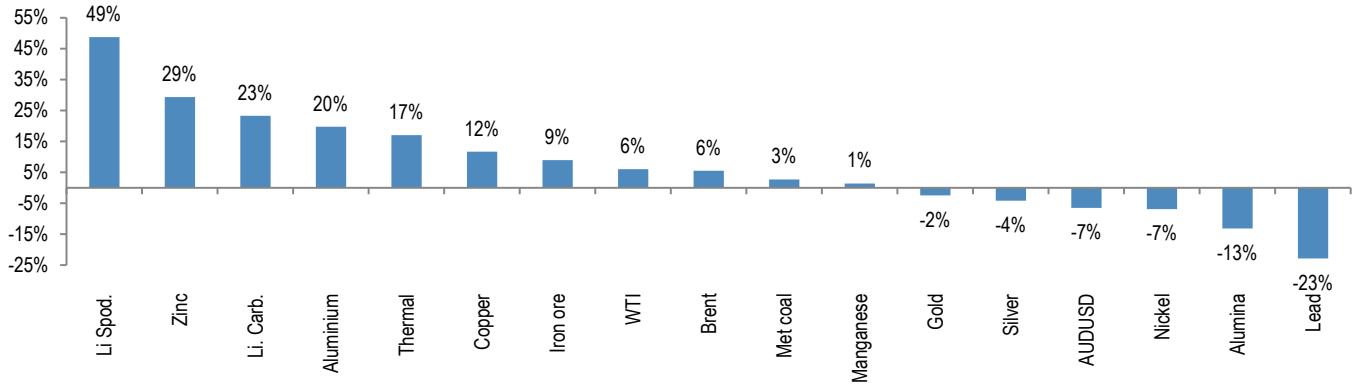
Figure 8: Spot prices vs J.P. Morgan CY27 forecasts



Source: Bloomberg Finance L.P., J.P. Morgan estimates.

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Figure 9: Spot vs J.P. Morgan long-term average prices



Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Pecking order

Figure 10: Pecking order

	Diversifieds & Iron Ore	Base Metals	Gold & Precious	Lithium	Rare Earth	Uranium	Coal
OVERWEIGHT	BHP RIO FMG	CSC SFR S32	NEM EVN GMD CMM RMS PRU CYL BGL	PLS LTR	LYC	BMN	
NEUTRAL	DRR		NST RRL CHN	IGO	ILU ARU	DYL LOT	WHC
UNDERWEIGHT						PDN BOE	

Source: J.P. Morgan estimates.

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Table 3: Mining sector snapshot at J.P. Morgan base case

	Ticker	Rec.	Mk Cap	EV	Price	PT	NPV	P/NPV	P/E		EV/EBITDA		FCF yield		Dividend yield		Net debt / (cash)		Gearing	
			(A$ bn)	(A$ bn)	(A$)	(A$)	(A$)	(x)	CY27E	CY28E	CY27E	CY28E	CY27E	CY28E	CY27E	CY28E	2H27E	2H28E	CY27E	CY28E
Majors																				
BHP (US$m)	BHP	OW	295.6	325.0	58.17	67.00	66.72	0.9	15.7	15.7	7.2	7.3	4%	4%	3.8%	3.8%	10,590	9,786	14%	12%
Rio Tinto (US$m)	RIO	OW	224	252	162.85	209.00	208.31	0.8	12.3	12.9	4.8	5.0	4%	4%	4.5%	4.3%	-7,539	-3,403	9%	4%
Weighted Average									**14.2**	**14.5**	**6.2**	**6.3**	**4%**	**4%**	**4.1%**	**4.0%**	**2,782**	**4,106**	**11%**	**8%**
Other Metals																				
Fortescue (US$m)	FMG	OW	57.8	59.2	18.77	24.00	24.45	0.8	13.9	16.7	5.7	6.3	3%	2%	3.1%	2.5%	2,069	2,408	8%	9%
South32 (US$m)	S32	OW	17.8	17.9	3.96	4.60	4.56	0.9	20.5	35.8	5.5	6.3	2%	1%	2.2%	1.5%	-1,973	-1,631	-19%	-15%
Whitehaven (A$m)	WHC	N	6.4	7.2	7.76	8.00	8.02	1.0	10.9	9.5	4.6	4.0	3%	4%	2.7%	4.0%	1,205	604	19%	10%
Sandfire (US$m)	SFR	OW	8.6	8.6	18.43	21.00	19.08	1.0	11.1	11.5	4.0	3.7	1%	1%	1.3%	1.3%	-1,129	-1,560	-72%	-102%
Capstone (US$m)	CSC	OW	10.0	12.2	13.04	17.30	15.71	0.8	12.3	12.5	5.1	5.0	0%	0%	0.0%	0.0%	-258	-391	-5%	-6%
IGO (A$m)	IGO	N	5.1	4.7	6.69	8.00	8.18	0.8	NM	NM	5.1	NM	0%	0%	0.1%	0.1%	-1,230	-1,668	-74%	-99%
Iluka (A$m)	ILU	N	2.7	3.8	6.36	6.80	6.76	0.9	NM	NM	NM	NM	1%	1%	1.1%	1.3%	2,159	2,177	55%	58%
Deterra (A$m)	DRR	N	2.3	2.4	4.32	5.10	5.13	0.8	17.4	16.3	11.3	10.5	4%	5%	4.3%	4.6%	-18	-60	-6%	-21%
Mineral Resources (A$m)	MIN	NR	11.5	16.8	57.99	NA	77.43	0.7	7.7	8.0	4.0	3.8	2%	4%	2.1%	4.3%	2,678	1,587	28%	17%
Pilbara (A$m)	PLS	OW	14.4	14.2	4.47	7.30	7.29	0.6	7.7	9.6	4.4	5.4	6%	5%	5.8%	4.9%	-1,678	-1,485	-41%	-32%
Lynas (A$m)	LYC	OW	16.2	15.3	16.05	22.00	22.41	0.7	19.2	15.1	10.8	8.1	0%	0%	0.0%	0.0%	-1,806	-2,805	-61%	-92%
Paladin (US$m)	PDN	UW	4.1	3.8	9.03	9.20	8.02	1.1	45.6	36.1	24.4	18.4	0%	0%	0.0%	0.0%	-207	-140	-22%	-12%
Boss Energy (A$m)	BOE	UW	0.5	0.5	1.23	0.90	0.92	1.3	15.4	15.6	5.0	5.0	0%	0%	0.0%	0.0%	-57	-79	-13%	-16%
Weighted Average								**0.8**	**14.0**	**16.2**	**6.0**	**5.8**	**2%**	**2%**	**2.3%**	**2.2%**	**357**	**286**	**-13%**	**-18%**
Gold																				
Evolution (A$m)	EVN	OW	23.0	23.5	11.33	14.30	15.96	0.7	15.0	12.8	7.4	6.4	2%	3%	1.9%	2.7%	-316	-1,077	-4%	-14%
Newmont (US$m)	NEM	OW	142.8	138.3	133.76	177.00	177.15	0.8	10.7	9.2	5.6	4.8	1%	1%	1.1%	1.2%	-9,155	-14,018	-29%	-44%
Northern Star (A$m)	NST	N	27.6	28.6	19.39	21.00	20.00	1.0	12.2	7.6	6.2	4.2	4%	4%	3.6%	3.8%	1,872	831	10%	4%
Capricorn (A$m)	CMM	OW	5.6	5.2	12.38	15.60	15.64	0.8	12.5	7.3	7.6	3.9	1%	2%	1.2%	2.1%	-574	-1,201	-42%	-84%
Genesis (A$m)	GMD	OW	6.6	6.6	5.79	7.40	7.36	0.8	11.5	7.8	6.1	3.9	3%	4%	2.6%	3.9%	-194	-689	-9%	-30%
Perseus (US$m)	PRU	OW	6.3	5.7	4.78	6.20	6.25	0.8	9.0	6.6	4.8	3.2	5%	4%	4.6%	4.3%	-916	-1,574	-37%	-63%
Ramelius (A$m)	RMS	OW	5.5	5.0	2.92	4.60	4.59	0.6	12.1	7.9	5.2	3.3	2%	3%	1.7%	3.1%	-623	-997	-16%	-24%
Bellevue (A$m)	BGL	OW	1.9	2.1	1.29	1.55	1.59	0.8	11.5	6.5	3.9	2.1	0%	0%	0.0%	0.0%	-250	-614	-26%	-68%
Catalyst Metals (A$m)	CYL	OW	1.4	1.2	5.53	8.30	8.28	0.7	4.8	3.7	2.0	1.2	2%	5%	2.2%	5.4%	-534	-794	-86%	-117%
Regis (A$m)	RRL	N	4.8	4.0	6.34	6.60	6.40	1.0	6.7	5.5	3.7	3.2	2%	1%	2.0%	1.0%	49	62	-102%	-79%
Weighted Average								**0.8**	**11.3**	**9.0**	**5.8**	**4.7**	**2%**	**2%**	**1.7%**	**1.9%**	**-5,659**	**-9,003**	**-23%**	**-37%**

Source: Bloomberg Finance L.P., J.P. Morgan estimates. Note: As of intra day Australia market on 14 July.