

## Jupiter Gold Corporation (OTCQB: JUPGF)

January 23, 2021

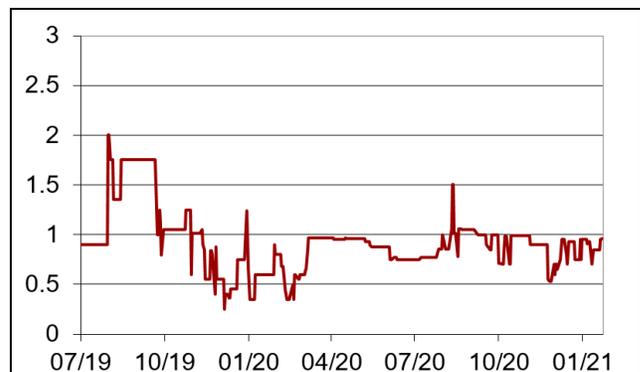
Jupiter Gold Corporation has 100%-ownership to mineral projects in development and exploratory stages aggregating 145,668 acres in Brazil. In particular, Jupiter Gold has eight gold projects and one quartzite quarry project. Reasons to own Jupiter Gold stock:

1. Potential for significant early revenues from its quartzite Diamantina property. A mining license has been filed and will take around six months to obtain.
2. Also highly focused on gold projects in Brazil, an excellent mining jurisdiction that its team knows extremely well.
3. Its gold projects are located in important and well-known gold mining districts thus providing significant risk diversification.
4. Additionally, significant potential to measure/grow gold resources/reserves as geological studies are completed.
5. No debt, low share count, management with deep local experience.

We reiterate our buy recommendation for Jupiter Gold Corp. with a price target of \$2.40, which is 150% above today's stock price.



Being a junior gold exploration company typically means that the company will have no revenues and be consistently in need of cash until it hopefully develops a property to the point of mining and operations, or sells the property. This means that investors must always face the prospect of financing and dilution to their investment, as well as a risk of poor stock price performance if costs are higher than expected, or the resource find isn't as good as hoped. Jupiter Gold Corporation is an exception to this rule, as it discovered substantial quartzite deposits on its 100%-owned Diamantina Project, located in southeastern Brazil. This discovery means that Jupiter Gold may be able to achieve significant cash flow positive operations in the reasonably near-term, unlike so many of its junior gold peers which are usually many years away from any revenue.



### Market Data

Price	US\$.96
Sector	Metals & Mining
52-Week Price Range	US\$0.20 - \$1.50
Shares Issued (M)	5.71
Market Cap (M)	US\$5.50
Stock Ticker	JUPGF (US)
Website	www.jupitergoldcorp.com

## THE COMPANY

Jupiter Gold Corporation is a mineral exploration and development company that has 100%-ownership to mineral projects in development and exploratory stages aggregating 145,668 acres in Brazil. In particular, Jupiter Gold has eight gold projects and one quartzite quarry project.

The Company's goal is to first develop the quartzite Diamantina mine to generate sufficient cash flow to then progress the gold properties that lend themselves to year-round, simple open-sky operations. In other situations, JUPGF will prefer to partner and collect royalties while another company operates the project.



**The Diamantina Project, 100% owned by Jupiter Gold, was recently being researched for gold and other metals by the Company's technical team when four well-defined quartzite deposits were identified, as indicated on the map detail above.**

All of Jupiter Gold's mineral rights have been carefully selected, and most of them are in well-known mining provinces, including:

- ▣ **The Diamantina Project.** Jupiter Gold believes that it can start mining the quartzite deposits with a relatively simple quarry. Towards this goal, the Company has been assisted by several local experts including a mining engineer with deep expertise in both quartzite mining and its commercialization. Geological mapping, geochemical analysis of samples, detailed technical characterization of the quartzite at a specialized analytical laboratory and an aerial survey with detailed topographical mapping were all performed

in this mineral right during the first three quarters of 2020.

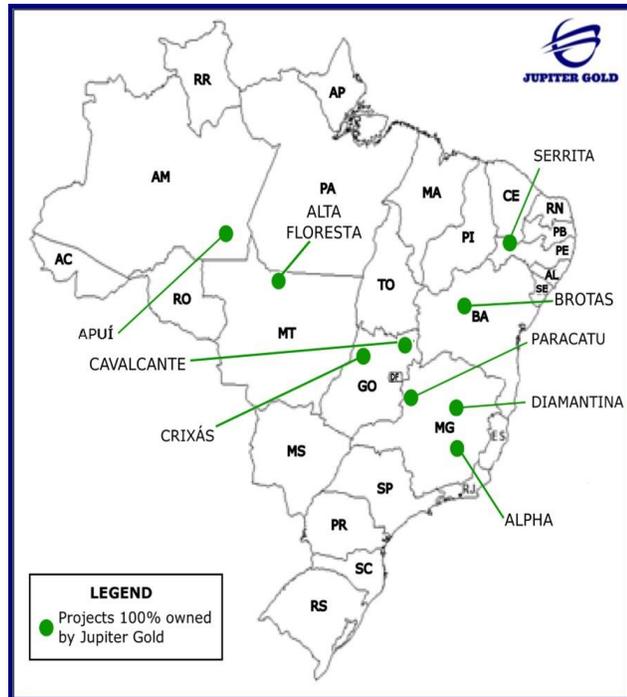
The Company has since filed an application for an initial mining license on the property with the Brazilian mining department. Jupiter Gold estimates that it will take around six months to obtain the license. Quartzite quarry mining is relatively easy and known to provide attractive margins.

Additionally, Jupiter Gold already owns several of the needed capital equipment items (excavator, bulldozer, trucks) needed for a rather quick start after permitting.

- ▣ **The Alpha Project** is Jupiter Gold's flagship gold property. A few decades ago, approximately 2% of the current Alpha Project area was researched by a prior owner, which resulted in a resource estimate near surface of 64,000 oz. of gold (approximately \$120M at the current price of gold) with a cutoff of 0.8 g/t. This number was reported in official filings to the Brazilian mining department at the time. Presently, with gold at ~\$1,900/oz, the economic potential of the Alpha project has materially improved as gold was priced at \$250-300/oz at that time. Furthermore, Jupiter Gold's technical team believes that there is significant potential to expand the resource. For example, there is room for vertical expansion in the area underneath the known resource in the saprolite and colluvial layers.
- ▣ **The Alta Floresta Project** is located in a well-known gold province. In fact, one of Jupiter Gold's mineral rights in this project is next to a producing gold mine. In the district many gold and copper discoveries have been made by multiple companies, including Anglo American [LSE: AAL].
- ▣ **The Apuí Project** is located in the NW portion of the Jurueña-Teles Pires Gold Province. According to geological studies, the area has great potential for epithermal, primary and secondary gold deposits. In fact, there exists prior settler gold mining operations two miles from the Apuí Project.

## Projects

Jupiter Gold has amassed a respectable collection of high-potential properties located throughout Brazil. All of Jupiter Gold's projects are 100%-owned.



Map of Brazil indicating the location of Jupiter Gold's projects, all 100% owned.

- ❑ Alpha:  
Gold  
Minas Gerais state  
22,393 acres
- ❑ Alta Floresta:  
Gold, possibly copper, manganese  
Mato Grosso state  
24,395 acres
- ❑ Diamantina:  
Quartzite  
Minas Gerais state  
2,385 acres
- ❑ Apui:  
Gold, possibly copper, manganese  
Amazonas state  
69,330 acres
- ❑ Paracatu:  
Gold  
Minas Gerais state  
773 acres

- ❑ Brotas:  
Gold, possibly palladium, platinum  
Bahia state  
4,821 acres
- ❑ Cavalcante:  
Gold  
Goiás and Tocantins states  
3,068 acres
- ❑ Serrita:  
Gold  
Pernambuco state  
13,730 acres

## Recovery Plant

Jupiter Gold owns a mobile gold recovery plant that utilizes high speed centrifugation as the main separation technique.



Jupiter Gold's modular recovery plant for gold.

The use of centrifugal concentrators for free gold recovery has been a common practice in the mining industry for several decades. This method uses the difference in intrinsic densities between gold and the "waste" for separation – whereas the native gold density is equal to 19.0 g/cm<sup>3</sup>, and the density of silica, the main component of the waste, is equal to 2.6 g/cm<sup>3</sup>. This equipment was originally developed by the Canadian mining industry and has several advantages over other processes, such as:

- ❑ No use of chemicals (such as cyanide and mercury);
- ❑ Low maintenance and low energy consumption;

- ❑ Recovery of gold in a wide particle size range; and
- ❑ Simple installation and operation, with excellent mobility.

Jupiter Gold's current modular plant can be expanded substantially by addition of more centrifuges in parallel. In the current configuration, the plant is capable to process and recover gold up to 97%.

## ALPHA PROJECT (22,322 acres)

### Introduction

Jupiter Gold's Alpha Project is located approximately 100 miles east of Belo Horizonte, the capital of the state of Minas Gerais. The area has excellent infrastructure for mining, such as roads, power, and labor availability.

The Alpha Project is located within a geological formation known as the "Rio das Velhas Supergroup", where some of the largest gold mines in Brazil have existed. In the map below, yellow indicates a gold mine (active or inactive), blue a gold deposit, green a gold occurrence, and orange a gold indication.

### Climate

The region's climate is considered sub-humid to semi-arid, characterized by average annual precipitation ranging from 40 to 50 inches, with drier periods in winter and rainier in summer. The average annual temperature is around 70°F to 73°F, reaching 64°F in winter and 79°F in summer. Year-round mining operations can be easily achieved with this climate profile.

### Regional Geology

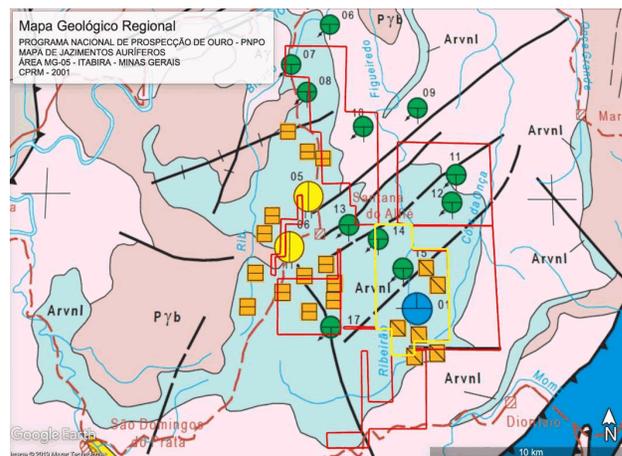
The area of interest covers part of the Mantiqueira and São Francisco Provinces. There is some confusion in the literature regarding the subdivision of the Mantiqueira Geotectonic Province into Brazilian orogenic belts. In general, it is accepted that this province extends from the south of Bahia to

Rio Grande do Sul, in an extension superior to 2000 km, bordering the São Francisco Craton in the east and south.

Gold mineralization is present in the form of veins and boudins of quartz in the area of the project called "Lavrinha", which is the portion that is known the most at the moment.

The gold deposit geographically and geologically closest to the research area of Lavrinha is the gold deposit of Mina Cauê, in Itabira.

It is interesting to note that the gold deposits of Itabira are directly controlled by closing and low angle shear zones with dives for N to NE, a similar situation found in the geology of the Lavrinha region.



**Jupiter Gold's Alpha project's first area is the one outlined in yellow. Later, JUPGF increased the size of the project by over 500%, which is outlined in red.**

### Work Conducted at Alpha

The prior owners of the Alpha Project pursued detailed geological trenching and drilling, and their official report, which was filed with the Brazilian mining authorities, quantified 64,000 ounces of potential gold mineralization (cutoff = 0.8 g/t) with an average of 1.54 g/t of gold in the area studied.

In November 2019, Jupiter Gold began confirmatory field work to revalidate the reported 64,000 ounces of gold mineralization. Under the supervision of geologists, mining engineers, and an environmental licensing expert, the initial field

work at the Alpha Project encompassed careful analysis of all observed sites where prior trenching and drilling was done in the period from the late 1990's to 2004.

In February 2020, Jupiter Gold purchased a large trove of data from a local geologist which had been affiliated with a prior owner of one of the mineral rights which are now part of the Alpha Project. The Company believes that obtaining and integrating this data with the existing databases of the Alpha Project will likely save the Company substantial costs and several months of exploratory work.



**One of the shafts and detail of the shaft wall where samples were collected.**

In Q1 2020, geological reconnaissance at the Alpha project allowed the identification and mapping of 58 deep shafts built by a prior owner in Lavrinha, 48 of which are still open and can be used for sample collection.

During Q1 and Q2 2020, several wells were resampled with geochemical analysis performed at SGS-Geosol laboratory, a premier choice used by most global mining companies operating in Brazil. The results included a 22 g/t gold intersect and a 16.2 g/t gold intersect within a 5.0 g/t gold zone over 4 meters.

Mr. Areli Nogueira, Jupiter Gold's VP of Exploration commented, "This initial field study was extremely positive, with indications

pointing to secondary gold in saprolite and primary gold in quartz at deeper levels. It is fairly well known that rock formations in this geological area contain gold mineralization in the form of quartz veins and boudins, and our visual inspection was certainly consistent with that."

### Work Ahead

The initial field study by Jupiter Gold at Alpha showed very promising results. Next is to improve the geological and structural understanding of the area, to define and evaluate the reserve of gold ore, and analyze the technical and economic feasibility of implementing a mining project in the researched area.

The Company therefore plans a detailed complementary research program to estimate the project's mineral resources and reserves.

**Jupiter Gold's initial NI 43-101 for the Alpha Project is expected in the first half of 2021. In parallel, the Company has started the planning of the regulatory studies needed for an initial gold production license.**

### Conclusion

The technical team believes that there is potential to increase the resources at Alpha for multiple reasons:

- ❑ Only ~2% of the total area of the Alpha Project has been researched in detail by a prior owner, and only its saprolite and colluvial layers;
- ❑ No drilling has been conducted in the rock directly underneath the saprolite and colluvial layers; and
- ❑ At the time, gold was priced at about one-fifth of today's price, and therefore any cutoff for economic feasibility may substantially improve.

The development of this project would bring much needed socio-economic gain to the area. The surrounding cities of São Domingos de Prata, Dionísio and Marliéria currently face

lower social and economic development than other cities in the same region. As a result, the likelihood that the project gets local support is high.

## OTHER PROPERTIES

### Diamantina Project (2,385 acres)

Jupiter Gold's 100%-owned Diamantina Project is located in the state of Minas Gerais in Brazil's Southeast region. The Diamantina Project area borders the meridional portion of the mountain range known as "Serra do Espinhaço". This formation has a great extension of metamorphic-sedimentary rocks, specially quartzites and meta-sandstones, reason why the central region of the Brazilian State of Minas Gerais, where the city of Diamantina is located, stands out for its significant production of ornamental rocks made of quartzites. This area has excellent infrastructure for mining projects.

The climate at Diamantina is intertropical. Due to high altitudes, temperatures in the summer months are pleasant (72-82°F) and winter is not particularly cold (50-59°F). The rainfall peak is recorded in November, December and January and, although rainfall is sparse in the months between May and September, rainfall always reaches indices annual medians greater than 40in.

Late last year, the Company filed an application for a license to mine the substantial quartzite deposits located on the property.

Upon approval, it's planning a straightforward open pit operation which could become profitable within a few months. The Company does not expect capital spending to be very high as the material only needs to be mined; buyers purchase blocks of quartzite at the mine and arrange for their transport. Jupiter Gold already has an excavator, bulldozer, trucks, and will lease some other needed equipment which is available from local sources to start the operation rather quick after permitting. Thus, the licensing process looks to be the biggest hurdle the Company faces in getting this mine up and running.

Jupiter Gold has the necessary experience to become operational as the Company's mining engineer Marcellus Torres is an expert in quartzite mining, and has visited dozens of such operations throughout Brazil. He showed great confidence in the Diamantina discovery so far, stating: "From finding this deposit only a few months ago to devising a mining operation around it, we have moved very fast. Most importantly, the studies performed so far indicate the presence of a commercially attractive and desirable end-product."



**Image of white quartzite outcrop.**

While Jupiter Gold is waiting to receive the license, it's doing more exploratory work on the property to make sure it can proceed in the most efficient way once it's able to mine. It has drilled sampling holes on two of the quartzite deposits and will continue with other studies to further understand the deposits while waiting for the permit to mine commercially.

Preliminary calculations of the quartzite indicate a potential aggregate of 3.7 million tons based on a 30-meter depth estimate for the deposit, chosen conservatively as some other known quartzite deposits in the same geological region reach 250 meters in depth. The current market price for the type and color/texture of quartzite identified in Jupiter Gold's property ranges from \$1,200 to \$2,000 per ton when sold at the quarry. Since Jupiter Gold's deposit has white and light grey quartzite which are known to be sought after, its product may command a price towards the upper portion of this range.

## Alta Floresta Project (24,395 acres)

Jupiter Gold's 100%-owned Alta Floresta Project is located in the state of Mato Grosso, in Brazil's Central-West region. More specifically, this project is in the Alta Floresta Auriferous Province, a well-known gold producing area.

In Alta Floresta Province many gold and copper discoveries have been made, and primary and secondary gold is already being extracted at several properties. Data available indicates that between 1979 and 1995 this area had a gold production in the order of 160 tonnes. Overall, this area has good infrastructure for mining projects.

In Q3 2020, Jupiter Gold concluded an initial phase of geological studies at Alta Floresta. The property encompasses three mineral rights, two of which show intense tracks with prior artisanal and superficial gold mining activities associated with robust production of gold. They also display similar geophysical signatures with known nearby gold deposits.

The third area shows strong potential for gold, copper and manganese according to the technical team that visited and studied the area. Interesting to note is that Anglo American [LSE: AAL] has recently announced a large copper project nearby.

Areli Nogueira, VP of Exploration at Jupiter Gold, commented: "Our Alta Floresta Project is showing indications of being a potentially promising location for gold. One of our areas is next to a producing gold mine and with the studies just completed, we have now identified several high potential targets in our areas."

The climate at Alta Floresta is equatorial, with average rainfall greater than 80in and two well-defined seasons. One is rainy, from September to April and the other one is dry, from May to September, with periodical rains. The average daily high temperature is approximately 90°F.

Jupiter Gold's next phase of work in the Alta Floresta Project will include detailed geochemical sampling via auger drilling

and/or trenching in several high prospect targets, as well as further geophysical studies given that the project area is very extensive.

## Apuí Project (69,330 acres)

Jupiter Gold's 100%-owned Apuí Project is located in the state of Amazonas in Brazil's North region in a new gold frontier. Primary gold deposits identified in this region are usually greater than 1M ounces. The Apuí Project is located in the NW portion of the Juruena-Teles Pires Gold Province. According to geological studies, the area has great potential for epithermal, primary and secondary gold deposits. In fact, there exists prior settler gold mining operations two miles from the Apuí Project.

Jupiter Gold's area is reached from Apuí, a city of 19,000 in the southeast region of Amazonas state. The city has the basic infrastructure to support the setup of a mining project.

The climate at Apuí is humid and hot, typical from the Amazon, with 4 to 5 months with practically no rain (May to August), and average annual temperature of 95°F. The average annual rainfall is 100in, distributed in two different season, rainy summers and dry winters.

In September last year, Jupiter announced important advancements made on its Apuí Gold Project. The work performed included geological mapping and target identification. Geochemical sample surveys were carried out near magnetic anomalies identified by available geophysical mapping. This can indicate viable gold deposits along with other minerals such as copper.

## Paracatu Project (773 acres)

Jupiter Gold's 100%-owned Paracatu Project is located in the state of Minas Gerais in Brazil's Southeast region in an area well-known for gold for over two centuries.

Jupiter Gold's Paracatu Project is located four miles from the largest gold mine in Brazil, Morro do Ouro ("Gold Hill"), owned and operated by Kinross Gold [NYSE: KGC]. Morro

do Ouro is a massive open-sky mine within an ore body of 16,000,000 ounces of gold and annualized production of 490,000 ounces of gold.

The exploration potential of the Paracatu permit stems from the presence of placer terraces on both margins of the creek named "Corrego do Rico" (also known locally as "Corrego do Ouro" or Gold Creek), which crosses the permit area (this can be seen on the map on the following page). The creek starts at Morro do Ouro and drains through the permit area and beyond. If confirmed, mineralization in the permit area would likely lend itself to utilization of a low-cost, high-efficiency modular plant for placer gold retrieval.

An extensive drilling program was conducted on the property by Jupiter Gold in 2018. The Company's geologists had initially planned for an exploratory drilling campaign with six drill holes spaced 100 meters apart. However, upon initial drilling, immediate visualization of fine gold in several holes resulted in the decision to expand from an exploratory to a detailed drilling campaign.

A total of 23 holes spaced 25-30 meters were drilled using a Banka 4-inch percussion rotary drill. Gold was visualized in 18 out of the 23 drill holes, and later confirmed by geochemical analysis.

Jupiter Gold has already obtained a "Guia de Utilização" (initial commercial license) for Paracatu, and has an environmental and operational license permit request underway. The municipality of Paracatu has approximately 100,000 inhabitants and is located 125 miles from Brasilia, the capital of Brazil. Paracatu has all of the infrastructure needed to support mining research and exploration.

### **Brotas Project (4,821 acres)**

Jupiter Gold's 100%-owned Brotas Project is located in the state of Bahia in Brazil's Northeast region, which is known for rock formations associated with auriferous mineralization which percolates quartz veins and breccias.

Portions of the Brotas mining district have been studied by the CBPM, "Companhia Baiana de Pesquisa Mineral", the Mining Research Service of Bahia. Their researchers collected sample material and first identified the gold-palladium-platinum occurrence at Brotas. Bahia is known to host large gold mines, such as the Jacobina mine, owned by Yamana Gold [NYSE: AU].

Jupiter Gold's initial geochemical sampling from trend samples showed 71 g/t of gold and appears to be of an orogenic type.

### **Crixás Project (3,068 acres)**

Jupiter Gold's Crixás Project is located in the state of Goiás in Brazil's Central-West region. This area was first explored in the 18th century by pioneers searching for gold. Today Crixás is home to some of the largest gold operations in Brazil.

The operations of AngloGold Ashanti [NYSE: AU] in Crixás encompass three underground and two open sky mines. The deposit has approximately 9 million ounces of gold and an annual production of over 130,000 ounces of gold. The Crixás Project is located 11 miles from these mines.

Jupiter Gold conducted an exploratory campaign in 2019 at Crixás, in which placer gold was identified and recovered using gravitational methods. It also appeared that low-cost secondary gold extraction was feasible.

### **Cavalcante Project (4,771 acres)**

Jupiter Gold's 100%-owned Cavalcante Project is located in at the border and across two states, Goiás and Tocantins, in the northern tip of Brazil's Central-West region. This project has potential for one or more gold placer deposits.

Jupiter Gold's Cavalcante Project encompasses several areas identified by Brazil's Geological Survey as presenting gold mineralization. This mining district is known for widespread settler activity in placer deposits.

## Serrita Project (13,730 acres)

Jupiter Gold’s 100%-owned Serrita Project is located in the state of Pernambuco in Brazil’s Northeast region. The Serrita gold district is part of the Borborema Neoproterozoic Orogenic Belt, an area known to host narrow high-grade gold mineralized quartz veins. Brazil’s Geological Survey researched and confirmed gold mineralization in this district. The project may also host copper, manganese, and nickel deposits.

There are intrusive related gold deposits on the Serrita Granite Suite. Gold mineralization potential is associated with an epithermal model or Cu-Au Porphyry in the Serrita Granite Suite.

## THE MARKET

Gold has been on a tear over the past several months. It rose to a new all-time high of over \$2,000US per ounce in August before a pullback back under that key mark. Despite the pullback, we are still very bullish on gold due to the worldwide pandemic and aggressively loose monetary policy that governments are using to try to combat the economic fallout.



1-year gold chart. Source: Kitco.com

High government debt, inflation and uncertainty has caused the investor flight to gold. We would be remiss to not recommend that our readers do the same with at least a part of their portfolio for diversification purposes. While buying gold companies might be a prudent idea at this time, the problem is many small cap gold ventures have already moved up a lot.

The TSX Venture in Canada or the ASX in Australia are seen as the prime exchanges to find junior gold companies. That can lead to a few hidden gems being overlooked that are listed elsewhere which haven’t been subject to market hype. One such gem is Jupiter Gold Corp, exclusively listed on the OTCQB in the United States. Not only is Jupiter an overlooked gold company, we believe that Jupiter is a junior gold company of high quality.

## FINANCIALS

In 2019, Jupiter Gold did not record any revenue, as compared to revenue of \$8,525 in 2018. These revenues were realized through the sale of a gold bar generated from the Company’s exploratory mining efforts.

Operating expenses are comprised primarily of stock-based compensation, general administrative expenses, and to lesser extent professional fees and other compensation related costs. In 2019, operating expenses were \$287,984, as compared to \$410,290 in 2018. The decrease in operating expenses of 29.8% is explained primarily by lower general and administrative expenses and stock-based compensation costs related to stock options granted.

Note that Mr. Fogassa was not paid any cash compensation for his service as Chief Executive Officer and Director of Jupiter Gold from July 2016 and until March 2020. Instead, Mr. Fogassa was remunerated monthly with five-year options to purchase 30,000 shares of JUPGF’s common stock at \$1.00 per share.

	12/31/19	12/31/18
Revenues	-	8,525
Operating Expenses	287,984	410,290
<b>(Loss) From Operations</b>	<b>(312,328)</b>	<b>(401,765)</b>
<b>Net (Loss)</b>	<b>(312,328)</b>	<b>(401,765)</b>
(Loss) Per Share	(0.06)	(0.09)

**Selected income statement data for the years ending December 31, 2019 and December 31, 2018. Source: Company Filing**

In 2019, the Company incurred a net loss of \$312,328, representing a decrease of \$89,437, or 22.3%, when compared to a net loss of \$401,765 in 2018.

Net cash used in operating activities was \$72,518 in 2019, as compared to net cash used of \$82,989 in 2018. Net cash used in investing activities was \$20,254 in 2019, as compared to \$803 in 2018. Net cash provided by financing activities was \$150,000 in 2019, as compared to \$5,000 in 2018.

### Balance Sheet as of December 31, 2019

	12/31/19	12/31/18
Cash and Cash Eq.	58,498	1,277
Related Party Receivables	94,575	172,095
<b>Total Current Assets</b>	<b>156,772</b>	<b>177,034</b>
Property & Equipment	90,529	98,620
<b>Total Assets</b>	<b>249,345</b>	<b>277,698</b>
<b>Total Current Liabilities</b>	<b>17,618</b>	<b>10,454</b>
<b>Total Liabilities</b>	<b>17,618</b>	<b>10,454</b>
Total Stockholder Equity	231,727	267,244
<b>Selected balance sheet data for December 31, 2019 and December 31, 2018. Source: Company Filing</b>		

As of December 31, 2019, Jupiter Gold had total current assets of \$156,772 and total current liabilities of \$17,618 for a current ratio of 8.9 to 1 and working capital of \$139,154.

In 2019, the Company's primary source of liquidity was derived from the sale of its common stock. In the future, liquidity will continue to be generated from the sale of common stock, and increased revenue from royalties derived from the operation of the Company's modular plant.

## OUTLOOK & VALUATION

Jupiter Gold owns mineral rights in some of Brazil's leading gold mining provinces. The Company's flagship property, the Alpha

Project, has undergone extensive geological studies that show gold mineralization of 64,000 ounces, worth over \$120 million at the current price of gold. Moreover, the report only covered the top colluvial and saprolite layers to a depth of seventy feet but did not include the rock below. This could lead to a far more substantial deposit.

Moreover, the Diamantina quartzite mine will be a game-changer for Jupiter Gold as it will greatly accelerate the timeline for the Company to generate positive cash flows. All future gold exploration and mining operations will be able to be funded through internal cash sources should the mining of the quartzite deposits be successful.

The simple price times volume math tells you that this could be a massive haul for Jupiter Gold even if it just mines a small portion of the quartzite on its property. Yet, its market cap remains under \$6 million even as the Company moves forward with this simple and relatively low cost and risk mining operation.

What we also like most about Jupiter is that it diversifies, but within its area of expertise. It has laid the groundwork for success in Brazil and that is where it will stay. Brazil is a nation rich in natural resources, including agricultural commodity production as well as energy and minerals. The country is a significant producer of gold and other metals. In fact, Brazil's production of just under 100 metric tons each year makes the South American nation the world's eleventh gold producing country worldwide.

Brazil also has a detailed mining code and a long history of welcoming exploration of its resources by foreign groups. As a result, the trends favouring gold mining in stable jurisdictions such as Brazil will continue for the next several decades.

Management, led by CEO Marc Fogassa, has spent years building experience and connections specifically in that country. Through that effort, Mr. Fogassa has the necessary knowledge to lead Jupiter in all aspects of the mining industry in Brazil. That includes understanding the geology in order to choose the right exploration projects. Then having the ability to develop those properties

through workforce and management buildup while navigating through mining and environmental regulations and operations.

Jupiter is an ideal investment for investors who are patient. We strongly believe that with this small float and minuscule valuation that these patient investors will eventually be handsomely rewarded.

The Company has low overhead and fixed costs; its audited financial statements show total cash expenses below \$100,000 for both 2018 and 2019. In this context, we believe that even a relatively small quartzite operation may be able to generate enough profits to make the Company cash flow positive.

## Valuation

Based on 5.71 million shares outstanding, the intrinsic value of Jupiter Gold's shares derived from our model is US\$2.40.

**Consequently, we reiterate our buy recommendation for Jupiter Gold Corp. with a price target of \$2.40, which is 150% above today's stock price.**

**Note that the true potential is much higher than that when additional positive news is published about the Company's attractive quartzite and gold properties.**

## SHARE DATA & OWNERSHIP

Jupiter has approximately 5.7 million shares outstanding. The principal owners of the Company's common stock are the CEO, HSP Resources LLC, and Brazil Minerals Inc., a company also headed by Mr. Fogassa. So shares are tightly held in management and supportive shareholder hands.

As of January 4, 2020, five investors held a total of 587,000 warrants, all of them with exercise price of \$0.90 and an average maturity of 1.40 years.

As of January 4, 2020, Marc Fogassa held a total of 2,190,000 options, with an average exercise price of \$1.05 and an average maturity of 3.48 years. For the initial four

years of the Company, Marc Fogassa was solely compensated by options, with no cash salary.

## MANAGEMENT

### ▣ MARC FOGASSA – FOUNDER, CEO & CHAIRMAN

Mr. Fogassa is the Founder of Jupiter Gold Corporation and has been its Chief Executive Officer and Chairman of its Board of Directors since 2016. He has over 20 years of experience in finance, including executive management and chairmanship of listed companies as well as venture capital investing in the United States.

Over the last several years, Mr. Fogassa has acquired experience in all aspects of the mining industry in Brazil including exploration, development, workforce and management buildup, mining and environmental regulations, and operations. He is the Chief Executive Officer and Chairman of Brazil Minerals, Inc.

He has served on multiple boards of directors and joined his first Board of Directors at age 33. Mr. Fogassa has worked at Goldman Sachs, Atlas Venture and Axiom Ventures. He has worked on a venture deal that went from power point idea to a Nasdaq company valued close to \$1 billion; he was an initial institutional investor, brought other investors to the opportunity, and helped with management buildup. In 2016, Mr. Fogassa was invited as member on an advisory panel for one of the U.S. presidential candidates.

Mr. Fogassa attended college at the Massachusetts Institute of Technology (M.I.T.), where he double-majored and graduated with two Bachelor of Science degrees, one in Electrical Engineering and the other in Biology.

He was elected to Tau Beta Pi, Eta Kappa Nu, and Sigma Xi honor societies. He later graduated from the Harvard Medical School with a Doctor of Medicine degree, and later from the Harvard Business School with a Master in Business Administration degree.

Mr. Fogassa was born in Brazil and is fluent in Portuguese and English.

**▣ ARELI NOGUEIRA – VP, EXPLORATION & DIRECTOR**

Areli Nogueira da Silva Júnior is the Vice-President of Exploration at Jupiter Gold. He is also the Founder and Chief Technical Officer of MineXplore, a consultancy focused on mineral rights in Brazil. Mr. da Silva Júnior has been a faculty member in two colleges teaching geology-related courses. Previously, he worked at Departamento Nacional de Produção Mineral (the Brazilian mining department) and before that as a geologist at Usimimas Mineração.

Mr. da Silva Júnior has a Master of Geology degree from the Federal University of Rio de Janeiro, and an undergraduate degree in Geological Engineering from the School of Mines of the Federal University of Ouro Preto, a premier and the oldest mining-focused college in Brazil.

**▣ JOEL DE PAIVA MONTEIRO, ESQ. – VP, ADMINISTRATION AND OPERATIONS & DIRECTOR**

Joel Monteiro, Esq. is the Vice-President of Administration and Operations at Jupiter Gold. Most recently he was a partner of the Brazilian law firm PRA Advogados - Pimenta da Rocha Andrade, with three offices and headquarters in Belo Horizonte, state of Minas Gerais. Mr. Monteiro has worked with all aspects of Brazilian business law and has extensive experience in a wide range of areas, from strategic business planning to litigation. His clients have included large corporations in a variety of economic sectors in diverse states in Brazil.

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