

Jubilee Platinum profit continues to grow

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Cash flows, revenues and gross profits from dual-listed Jubilee Platinum's Middelburg smelter and power plant operations, in Mpumalanga, are continuing to grow, the company said on Thursday.

The smelter's revenue increased by 48.73% year-on-year during the fourth quarter of 2013, to R17.7-million, with gross profit increasing by 27.41% compared with the prior-year corresponding period.

"We are pleased with the positive results delivered by continued efforts at the smelter operation to grow our revenues and attain positive earnings. The growth in the gross profit margin reflects the growth in output and improved operational efficiencies. The last phase of the renewal programme at the smelters is well on its way and is the last hurdle to achieve positive earnings for the smelter operations," Jubilee CEO Leon Coetzer said.

He added that while the integration of the various components of the third ARC furnace, as part of the final phase of the renewal programme, would result in increased furnace downtime over the next quarter, and the company expected lower revenues for the first quarter of 2014, this impact would be short-lived as the commissioning of the furnace was targeted for March 2014.

The completion of Phase 4 was expected to extend the production output of the smelter to 13 800 t/y, enabling it to sustain revenue growth supported by an increase in gross profit margins to a targeted 38%, which would deliver positive smelter earnings targeting a net margin of 12%.

"Once commissioning is complete, the ferroalloy smelting contracts that we have in place will underpin the positive earnings capabilities of the smelter and the power plant. We are continuing to evaluate a number of opportunities that will provide access to additional platinum-bearing material at or near surface – so avoiding undue reliance on tolling of material," Coetzer said.

He added that the company could change its smelter to process platinum in a short timeframe, stating that with the ferroalloy contracts focused on the quantity processed rather than a specific timeframe the company was well placed to quickly take advantage of platinum-bearing opportunities.

Meanwhile, Jubilee also stated that it had entered into discussions with an alternative party to conclude a short-term strategy for the processing of tailings from the Dilokong chrome mine (DCM), near Burgersfort, in Limpopo, while the company's acquisition of Platinum Australia (PLA) was being concluded.

Once the transaction was concluded, PLA would process the DCM tailings at the PhokaThaba Smokey Hills mine concentrator, in Limpopo, which it would recommission.

Jubilee stated that the processing of the DCM tailings remained a key focus for the company as it had the potential to significantly enhance Jubilee's short-term earnings and establish Jubilee as a fully operational platinum producing company.