

# Jubilee and Platinum Australia tie-up at risk

31 January 2014

Source: [www.bdlive.co.za](http://www.bdlive.co.za)

Jubilee Platinum's proposed takeover of Platinum Australia is at risk of becoming "moribund" as efforts to finalise the transaction drag on and debt in the Sydney-listed miner mounts, Jubilee CEO Leon Coetzer said on Thursday.

Jubilee is a metal processing company with aspirations to move into primary platinum group metal (PGM) production to feed its smelter.

Mr Coetzer said delays in finalising the Platinum Australia transaction were threatening to derail the deal to give Jubilee its first platinum mine. "The increased debt owed by Platinum Australia to its senior creditor against a lower than expected platinum metal price requires the Jubilee board to review the financial structure of the transaction.

"While Jubilee continues to engage with the parties to find a suitable structure to the benefit of (its) shareholders, it recognises that the longer the transaction takes to conclude, the merger is exposed to increased debt."

Debt in Platinum Australia is more than A\$25m (\$21.9m) and weak PGM prices were making it difficult to finalise the deal.

Jubilee has opened talks with another party to toll-treat the tailings material it had planned to treat at Platinum Australia's mothballed concentrator. "The processing of tailings has the potential of significantly enhancing Jubilee's short-term earnings and to establish (it) as a fully operational platinum producing company," Mr Coetzer said.

The original plan had been to toll-treat the tailings at Platinum Australia's concentrator to generate income for the takeover target, stopping the increasing debt levels. Platinum Australia has not given Jubilee any indication of when the concentrator will be restarted.

In the December quarter, Jubilee posted revenue of R17.7m, a 49% increase from the same period a year earlier. It warned first quarter earnings would be lower as it integrates and commissions a third furnace at its Middelburg complex.

The complex will have capacity to produce 13,800 tonnes of metal a year once completed. Gross profit for the fourth quarter was R5.8m, a 27% rise year on year.