



JUBILEE PLATINUM - 66p - BUY target 91p - Mitsubishi to invest US\$16m in South African platinum projects mkt cap £52m previous different recommendation Reduce 03.02.2006 Jubilee announced yesterday that it has entered into a convertible loan agreement of US\$16m for its South African subsidiary Windsor Platinum Investments with Mitsubishi Corporation which will take a stake in the subsidiary.

Convertible loan details: Mitsubishi will make an initial investment of US\$4m immediately payable, followed by second and third payments of US\$6m each in March and September 2007 at Mitsubishi's election. The loans are zero interest.

Mitsubishi will have the right within two years from September 2007 to convert part, or all of the aggregated notes into Windsor ordinary shares provided that at the end of the conversion, Mitsubishi does not hold more than 20% indirect beneficial interest in Tjate. Notes not converted after 24 months will be cancelled.

Tjate Project: On 12 December, Jubilee announced that it had purchased an additional 13% stake in the Tjate project for Rand65m (US\$9.3m) to take its stake to 48%. It has a right to subscribe for a further 15% interest on the expenditure of Rand75m (US\$10.7m). Pre-emptive rights exist and should other shareholders in Tjate exercise their rights, Jubilee's initial purchase will reduce as will the purchase price in proportion.

The partner at Tjate is BEE Tjate Platinum Corporation, which Jubilee has a 25% stake in. It has a right to subscribe for a further 10% interest on the expenditure of Rand14m towards exploration and a feasibility study at Tjate.

PGM market investments: There has been a surge in investment activity in South African PGM development and exploration activities:

- > Impala has plans to take a 29.9% interest in African Platinum; Ridge
- > Mining is being paid US\$15m for a 20% stake by Zijin Mining which runs
- > China's largest gold mine; Lonmin has made an offer to buy AfriOre
- > Ltd for US\$441m; Jubilee now has a \$16m investment proposal from
- > Mitsubishi; Looking further back Anglo Platinum formed a joint venture
- > with Aquarius Platinum and Impala acquired Zimplats

That so many deals are underway is an indicator that major players are positive about the long term outlook for the PGM markets and are concerned over the sourcing of platinum metal and concentrates in future years.