

Jubilee Platinum

Africa, Asia & Pacific | Mining | JLP

8 January 2007

All to play for...

Update

Yr to Jun £m	2006A	2007E	2008E	2009E	2010E
Sales	.0	.0	.0	44.5	44.5
EBITDA	-.8	-.8	-.9	25.2	25.2
EPS (p)	0.0	0.0	0.0	0.2	0.2
EV/EBITDA (x)	-52.7	-55.7	-98.9	2.7	1.7
P/E (x)	-102.1	-49.8	-16.4	2.9	2.7
Div. Yld (%)	0.0	0.0	0.0	0.0	0.0

Recommendation **BUY**

Price **69p**
Target **124p**

Market Cap:	£54m
EV:	£47m
Shares issued:	84m
Daily ave. volume:	<1m

■ Focused on platinum in Africa

Jubilee Platinum is focused on the exploration and development of platinum deposits in Africa. The company holds an interest in a portfolio of projects in South Africa, Madagascar and Sierra Leone. The assets range from pure exploration projects through to those at the scoping study stage. Jubilee has put in place a number of joint ventures to fund work at its projects, which should yield results in 2007.

■ Tjate scoping study imminent, Jubilee consolidates holding

Jubilee's main asset is its interest in the Tjate platinum project in South Africa. The deposit is located on the Eastern Limb of the Bushveld complex and is thought to host up to 65Moz of platinum group elements (PGE). Jubilee is earning up to 63% in the project through its local subsidiary. Tjate is adjacent to Implats' Marula mine and hosts 65Moz of platinum group metals and could produce up to 250koz/ly of PGE.

■ Mitsubishi takes an interest in Tjate

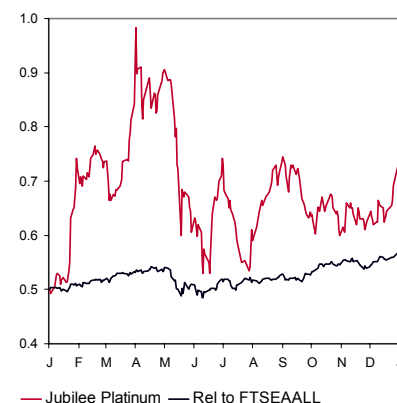
In December, Jubilee announced that Mitsubishi will invest in the company's South African subsidiary, through which it holds its interest in Tjate. Mitsubishi plans to invest US\$16m in the project through a series of zero coupon convertibles that will not have to be repaid if it elects not to convert. Ultimately Mitsubishi will have the right to take up to a 20% indirect beneficial interest in Tjate.

■ JVs in Madagascar with Implats and TransAsia Minerals

Jubilee also holds an interest in a number of highly prospective PGE, Ni, Au and Cu projects in Madagascar. Implats is earning 51% of the Ambodilafa project by spending US\$5m and TransAsia Minerals is earning 51% of the Londokomanana and Itsindra projects through spending US\$10m.

■ We restate our Buy recommendation and increase our target price to 124p.

Stock Performance



Performance	1m	3m	12m
Absolute %	6	7	37
Relative* %	4	3	23

Source: Datastream

*Rel to FTSEAALL

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Investment Thesis

Jubilee Platinum is focused on exploration for PGEs and elements that are usually hosted in conjunction with platinum; such as gold, nickel and copper. The company has assembled a portfolio of projects in Africa and has also put in place joint ventures to move them forward. Unlike the majority of exploration companies on the AIM market it is therefore largely self-financing and has not returned to the market to raise significant new equity.

Jubilee's main project is the 65Moz Tjate platinum deposit that is located on the eastern limb of the Bushveld complex and could sustain up to 250koz/y of 5PGE+Au production if developed. The results of an initial scoping study should be announced during Q1 2007 and the company will then initiate feasibility work.

The company can earn up to a 63% interest in the project through the completion of a feasibility study and the phased purchase of shares from Jubilee's partner, Royal Bafokeng Resources. Jubilee has also entered into an agreement with Mitsubishi through which it can invest US\$16m in Jubilee's local holding company to earn up to a 20% indirect beneficial interest in the project.

Jubilee's also has a portfolio of highly prospective projects in Madagascar that are now being mostly funded through a series of joint ventures. TransAsia Minerals is spending US\$10m to earn a 51% interest in the Londokomanana and Itsindra platinum nickel projects. Implats is earning a 51% interest in the Ambodilafa Ni-Cu-Au project through spending US\$5m. Jubilee's Madagascan projects are early stage but they are also large scale and should any of them prove to be economic then, even with a minority holding, the effect would be transformational for the company.

Jubilee has managed to become a largely self-supporting exploration and development company and over the last year has successfully negotiated joint ventures with Implats, Mistsubishi and TransAsia Minerals to advance its projects. This has been achieved without raising substantial new equity in a market that has been difficult for exploration companies over the past seven months. The only equity that has been raised was at 110p, a 57% premium to the current share price.

We recommend Jubilee as a well-funded PGE-Au-Ni-Cu explorer that is now supported by a number of major metals and mining groups. During the next twelve months the scoping study should be completed at Tjate and the feasibility study initiated. Preliminary results should also be available from the company's exploration projects in Madagascar that have been funded by TransAsia and Implats; whilst early stage these projects have the potential to yield a major new discovery. We restate our Buy recommendation and increase our target price to 124p.

Valuation

We value Jubilee on the basis of a sum of the parts valuation of its projects in South Africa and Madagascar. We set a current fair value for the company's two most advanced projects, Tjate and Londokomanana, at 59p and 24p respectively based on a discounted NPV of each project. In addition, we believe that the company's exploration holdings in South Africa, Madagascar and Sierra Leone may be given a fair value of £30m, 40p/share. This is principally supported by the Ambodilafa and Lanjanina PGE-Ni-Cu projects. On this basis we set a short-term fair value of 124p, 69% higher than the current share price.

The majority of Jubilee's current value may be attributed to its most advanced project, Tjate, where there is sufficient data to generate a preliminary NPV. We would expect Tjate to trade at up to 40% of its NPV at this stage as the feasibility study is completed over the next eighteen months. This suggests a short-term post capital expenditure, tax and equity dilution target valuation of 59p/share.

The key assumptions in our model are:

- Long-term platinum price of US\$950/oz
- Production commences in 2009, full production of 250koz/y 5PGE+Au
- Project incurs RSA turnover based royalty at a 3%.
- Jubilee holds an indirect beneficial 50% stake in Tjate
- Mitsubishi holds an indirect beneficial interest of 20% in Tjate
- Corporate Tax incurred at 30%
- Annual maintenance capital expenditure rate of 2.5%
- Project is financed on a 75:25 debt equity ratio
- Concentrate sold to smelter, company receives 82% of contained metal value

Table 1: Jubilee Platinum NPV, Based on Tjate Project

Disc Rate	NPV	NPV 40%	Price
4%	£226.98	£90.79	£1.08
6%	£165.56	£66.22	£0.79
8%	£123.91	£49.57	£0.59
10%	£94.90	£37.96	£0.45
12%	£74.16	£29.67	£0.35
15%	£52.93	£21.17	£0.25

CS Estimates

We have also separately calculated an indicative NPV for Londokomanana, on the basis of a US\$800m open pit operation processing 10Mt/y at a grade of 1g/t PPE+Au, 0.3% nickel and 0.15% copper. We have valued the project on a fully funded, post tax basis and assumed that it produces a concentrate that is exported for further refining and smelting.

We would normally expect a project to trade at 50% NPV upon completing a feasibility study, 25% at pre-feasibility. Prior to this however the project risks are materially higher, therefore we have only used 10% of the NPV for Londokomanana as it is still at the resource definition and scoping study stage. This suggests a current fair value for the project of £20m, £24p/share.

Table 2: Londokomanana, Project NPV, Jubilee holds 47%

Disc Rate	NPV US\$	NPV £	NPV 10%	NPV/share
4%	\$532,396,878	£304,226,787	£30,422,679	£0.36
6%	\$433,583,564	£247,762,037	£24,776,204	£0.29
8%	\$353,187,093	£201,821,196	£20,182,120	£0.24
10%	\$287,235,579	£164,134,617	£16,413,462	£0.20
12%	\$232,713,521	£132,979,155	£13,297,916	£0.16
15%	\$167,456,651	£95,689,515	£9,568,952	£0.11

CS Estimates

Jubilee's other assets are all at the exploration stage and cannot therefore be valued on the same basis, especially Ambodilafa, that has the potential to develop into a world-class PGE-Ni-Cu project but equally may turn out to be non-economic. We believe, based on a comparison with other listed exploration companies, that the company's other assets have a current fair value of £30m, 40p/share.

Asset Summary

South Africa

South Africa has historically been one of the world's most significant mining countries and remains a major source of gold, diamonds, platinum, chrome, coal and many other commodities. The weakening of the Rand over the past year has brought a welcome boost for the country's mining industry as has the publication of the Minerals Royalty Bill, which set rates at a lower level than originally anticipated, with a rate of 3% for refined PGE's.

The election of a majority government in 1994 led to the introduction of empowerment legislation that requires companies to be 26% owned by approved black empowerment groups. The implementation of this legislation was initially controversial, as it essentially rewarded a relatively small number of wealthy and politically well-connected individuals rather than the broader black community. The process has however developed with time and many BEE organisations, such as Jubilee's partners, Matuba Holdings and New Platinum Corporation, can add real value to a project.

Figure 1: Jubilee, RSA Projects



Source: Jubilee Platinum

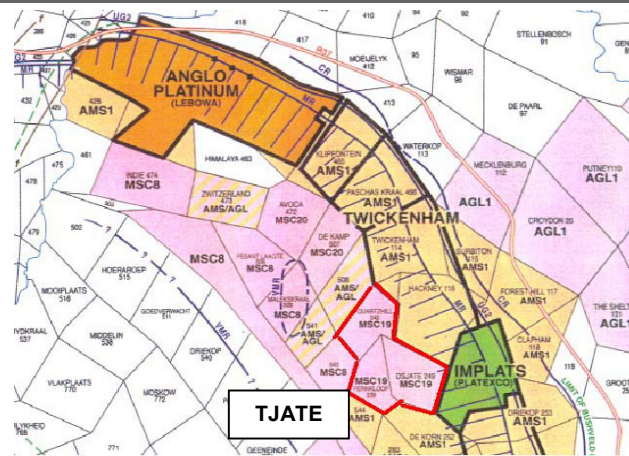
Although the affect of AIDS and the autocratic style of the ANC government has led South Africa to be regarded as a relatively high-risk investment environment, it may be contrasted favourably with the government of Russia, which is the only other significant source of platinum.

South Africa accounts for three quarters of the world's platinum supply and there is far less ability for mining companies to shift production elsewhere in the globe. It will therefore remain the main source of platinum for the foreseeable future despite the social and political challenges of operating in the country. Indeed, these challenges and the additional costs that they impose are likely to have the perverse affect of sustaining high prices over the long term by deterring the development of more marginal projects.

Tjate

The Tjate platinum project is located on the eastern limb of the Bushveld complex in South Africa and is adjacent and down dip of Impala's Marula mine and Anglo Platinum's Twickenham mine. The project is made up of three contiguous farms covering 5,143 Ha and drilling has intersected both the Merensky and UG2 reefs. The current inferred in situ resource is 282Mt at an average 5PGE+Au grade of 6.6g/t in the Merensky and 7.8g/t in the UG2, a total of 65Moz of 5PGE+Au.

Figure 2: Tjate Platinum Project



Source: Jubilee Platinum

Jubilee holds an indirect interest in the project through its holding in the Tjate Platinum Corporation. The balance of the shares are held by the company's BEE partners, New Platinum Corporation and Matuba Holdings. Jubilee's initial 25% stake was acquired for a payment of ZAR35m and the company is acquiring a further 10% by investing ZAR14m through funding the completion of a feasibility study. In December 2006 Jubilee announced that it was increasing its holding in the project to 48% for ZAR63m, with an option to raise it further to 63% for an additional ZAR75m.

Jubilee also announced that it has signed an agreement with Mitsubishi which will invest in the company's South African subsidiary, Windsor, through which it holds its interest in Tjate. Mitsubishi plans to invest US\$16m in Windsor, with an initial US\$4m investment through a zero coupon convertible that will not have to be repaid if it elects not to convert. Mitsubishi will then invest second and third tranches of US\$6m each through convertibles with the same structure in March and September 2007. Ultimately Mitsubishi will have the right to take up to a 20% indirect beneficial interest in Tjate. The final ownership structure of Tjate has yet to be defined, however, it is likely that Windsor will ultimately hold 70%, with Jubilee Holding a 50% indirect beneficial interest, Mitsubishi holding a 20% indirect beneficial interest.

An initial scoping study is underway at the project that could be developed into an underground mine over the next three years producing 250koz/y 5PGE+Au. The mine would produce a concentrate that would be sold on for further refining within RSA. Given the operational synergies with Marula it is likely it could either be sold to Implats or developed in conjunction with them although it would be possible for Jubilee and its partners to develop the mine independently.

Other Projects

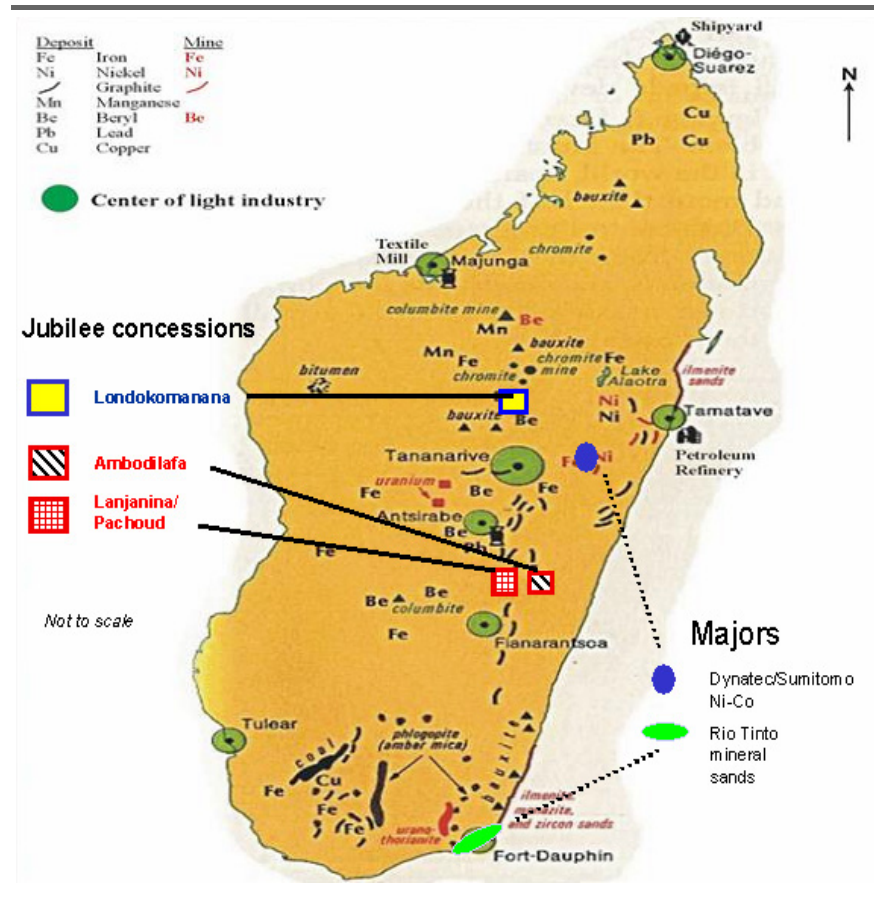
In February 2006 Jubilee acquired the Grasvally project that covers 5km of platinum bearing reef located on the northern limb of the Bushveld complex. This ground was the last that was available over 105km of strike and seven of the other companies active in the area have announced potentially economic platinum discoveries following drill programmes. It is therefore highly likely that a discovery will be made within the company's lease.

The Dullstroom platinum project is located on the eastern limb of the Bushveld complex. The two principal mineralised units, the Merensky and the UG2, both outcrop to the north of the tenement area and preliminary geophysics has identified an anomaly that could be the Bushveld. Initial drilling did not intersect the UG2/Merensky but did intersect mineralisation that indicated a proximity to the Bushveld Critical Zone and a second hole is now planned.

Madagascar

Madagascar is located 420km from the eastern coast of Africa and is the world's fourth largest island. It covers an area of just under six hundred thousand square kilometres and has a population of 16m. The country's infrastructure is limited, however it does have a plentiful supply of hydroelectric power. The economy is dominated by the agricultural and forestry sectors. Mining has not been of importance historically, however, this is changing following Rio Tinto's investment of US\$600m in the development of a mineral sands project to the south of the country. Rumours of a potential coup in late 2006 have proved to be unfounded and the president, Marc Ravalomanana, was returned to power in elections in December. The country is rated as a medium political and security risk.

Figure 3: Jubilee Platinum, Madagascar Projects



Source: Jubilee Platinum

Madagascar is highly prospective and remains largely unexplored using modern exploration techniques. Jubilee has managed to accumulate a very attractive portfolio of exploration projects that is already yielding encouraging results for platinum, nickel, copper and gold.

Londokomanana-Platinum

The Londokomanana project is located in central Madagascar, work has focused on two targets within the concession: Antsahabe to the north and Lavatrafo to the south.

At Antsahabe an anomaly has been identified that has a 22km strike length and a width of 3km with parallel structures that are 1.7km and 1.3km long to the northeast of the project. Jubilee completed preliminary drilling at the project in 2005 and intersected a total of 48m of layered high-grade nickel copper sulphide mineralisation from a depth of 15m at an average grade of 0.62% nickel and 0.12% copper.

TransAsia has entered into an agreement with Jubilee through which it can acquire a 51% interest in the Londokomanana and Itsindra projects by spending US\$10m; US\$7m on the former US\$3m on the latter. These funds should be sufficient to determine the scale and grade of mineralisation at Londokomanana and to carry out an early stage resource assessment. The US\$3m budget at Itsindra should be able to complete a programme of mapping and drilling but additional work is likely to be required before the scale of any resource could be defined.

The Lavatrafo project is immediately to the south of Londokomanana, the company has identified an anomaly that extends over 2.7km of strike within a sequence of ultramafic rocks. Initial geophysics and trenching, at the project intersected grades of up to 4.62g/t 2PPE+Au, 1.2% nickel and 0.39% copper. This was followed up with a two hole drilling programme in 2005 that intersected a broad zone of PGE, gold, nickel and copper mineralisation relatively near to the surface. Although the project is at an early stage both the grade and the depth of these intersections suggest the potential for Lavatrafo to host a resource that would be amenable to large-scale open pit mining. TransAsia has the right of first refusal to acquire the Lavatrafo project in the event of a third party offer to buy it from Jubilee.

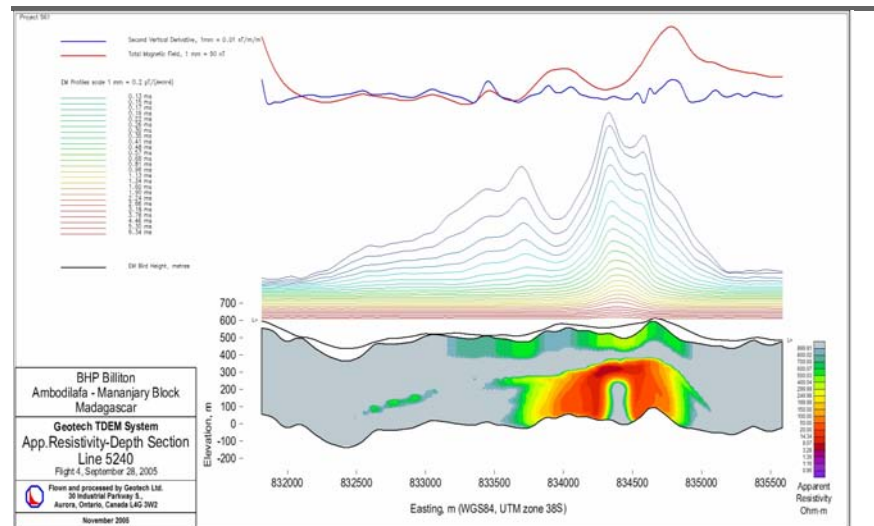
Ambodilafa-Nickel, Copper, Gold

The Ambodilafa concession covers 80km² of a mafic/ultramafic system 160km to the southeast of Antananarivo. Previous drilling at the project by the French state geological survey intersected a 93m zone of disseminated nickel and copper sulphide mineralisation at an average grade of 1% CuEq. Surface sampling at the project also identified anomalous PGE values, although the original work at the project did not assay for PGEs.

Jubilee holds the project through a Madagascar subsidiary, in which it has an 85% interest. It can acquire a further 10% through the payment of US\$100k/percent.

BHP Billiton completed an airborne VTEM (Versatile Time-Domain Electromagnetic) survey at Ambodilafa in late 2005 that identified a 40m thick oval feature from a depth of 80m that was 2km wide and 4km long.

Figure 4: Ambodilafa geophysical anomaly



Jubilee Platinum

Following the results of the survey BHP Billiton expressed an interest in entering into a formal JV with Jubilee, however, the company elected to move forward with Implats as a partner instead. Implats have the right to earn a 51% interest in the project through spending US\$5m to fund exploration at the project. Jubilee will remain the project operator for which it will be paid a 5% management fee. Drilling commenced at the project in September 2006 to test the geophysical target that was identified in the previous VTEM programme, results are anticipated during H1 2007.

Once Implats has spent US\$5m then a new joint venture will be formed and Jubilee can then either elect to fund feasibility work or allow itself to be diluted down to a 35% holding. This would fall to 29.75% if Jubilee elected not to increase its interest in its local subsidiary.

Ambodilafa is at a very early stage and consequently has high risks associated with it. This risk is however matched by the scale of opportunity as it could prove to be a nickel project of global significance. Such a project would require exploration on a scale that it would be difficult for Jubilee to fund and would also overstretch the company's technical capacity. By entering into an agreement with a major partner such as Implats, Jubilee has secured both the funds and technical expertise to move the project forward.

The company has also carried out some preliminary exploration to the south west of the exploration lease in an area that was previously mined for gold at an average grade of between 13g/t and 18g/t. Recent chip sampling by the company has revealed the presence of high grade gold in quartz veins that are linked to a N-S trending shear zone.

Lanjanina-Pachoud -Nickel, Copper, PGE

The Lanjanina-Pachoud concession covers an area of 156km², 180km to the south of the capital. The geology of the project area consists of a series of metasediments that have subsequently been intruded by a series of basic magmas.

Mineralisation at Lanjanina is hosted in pyroxenites and anomalous values of copper, nickel and PGEs have been identified using soil geochemistry and limited drilling. Drilling has intersected 18m of sulphide-hosted mineralisation at an average grade of 0.6% copper equivalent. Jubilee has also completed soil geochemistry and an extensive geophysical (IP) survey and is now following up on the targets that this identified with drilling.

At Pachoud, work has focused on calcareous metasediments that host skarn type copper, lead zinc and molybdenum mineralisation. The area includes the Pachoud copper mine that operated between 1884 and 1918. The Madagascar Geological Survey delineated a remnant reserve of 900kt at a grade of 1.9% copper at the mine and grab samples of oxidised material from the mine have returned assays of between 3.6% and 17.5% copper.

Pachoud has the potential to host a small to medium-sized high-grade copper resource and Jubilee plans to carry out additional work in the area.

Sierra Leone

Following decades of political and civil unrest culminating in civil war that ended in 2002, Sierra Leone is now relatively stable and peaceful. The country is perhaps best known for its diamond mines, however, it is also highly prospective for a suite of metals, including: gold, platinum, base metals and iron ore.

York-Platinum

The York platinum project is a joint venture between Jubilee (80%) and one of its major shareholders, Golden Prospect (20%). The licence covers an area of 105.3km² to the south of the capital, Freetown.

The project covers the central part of a layered and cyclical mafic complex where a number of the individual layers are known to host anomalous PPE values. Soil sampling carried out by Jubilee has revealed anomalous values over 8.5km of strike with grades of up to 0.84g/t platinum. The company is reinterpreting previous data and planning the next phase of exploration, although the project does not appear to be a priority at the present time given its commitments elsewhere.

Directors

Malcolm Burne, Non-Executive Chairman, is also currently the executive chairman of Golden Prospect plc. He started his career as an equity analyst and was later a financial journalist for The Financial Times and Telegraph. He has worked as a venture capitalist and founded a number of public and private companies many of which have been in the mineral resource and gold exploration fields. He was executive chairman of the Australian Bullion Company (Pty) Ltd, then Australia's leading gold dealer.

Colin Bird, Chief Executive Officer, is a qualified mining engineer and currently director of UK based Lion Mining Finance Limited. He has previous corporate and financial experience as a director of resource companies with responsibility for the development and has been responsible for financing projects in Spain, Africa and Latin America.

Andrew Sarosi, Executive Director, is a qualified metallurgist and a consultant to the mineral resources industry and adviser to Lion Mining Finance. He has more than 30 years experience in metallurgical production/management, project evaluation and consultant in metal processing and gold refining.

Chris Molefe, Non Executive Director, is the Chief Executive of Royal Bafokeng Resources (Pty) Ltd ("RBR") and has held several positions in Corporate Banking and industry for the previous 20 years. RBR manages the Royal Bafokeng Nation's mining and mining-related interests, currently comprising platinum group metals, chrome and granite resources. As Chief Executive Officer of RBR, Chris serves on the Anglo Platinum joint venture Rasimone Mines operating committee and is Non Executive Chairman of SA Chrome Ltd, a publicly listed company in South Africa.

Shareholders

Table 3: Jubilee Platinum, Major Shareholders

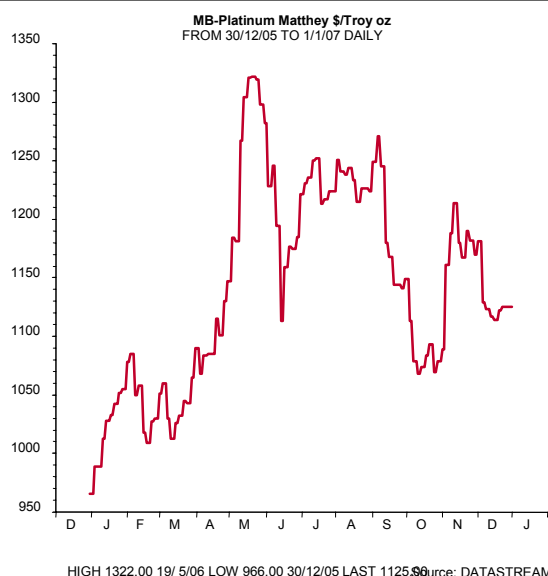
Institution	Shareholding	%
Ambrian Capital / GPPM	9.7m	12.4%
JPMorgan AM	7.4m	9.5%
Fidelity	6.9m	8.9%
Framlington	6.6m	6.1%
Artemis	4.2m	5.4%
Management	6.5m	8.4%

Source: Jubilee Platinum

Platinum

The platinum price has fallen back from the very high levels touched in the early part of 2006, although it remains buoyant. This may be attributed to a 14% increase in demand from the autocatalyst sector during the year that has more than offset the 12% decline in jewellery demand. The platinum market remains slightly in deficit, although production increases should see it move nearer to balance over the next 12 months. The price is unlikely to hit the level reached during the early part of 2006, although it should remain well above historic average. We are currently using a long-term platinum price of US\$950/oz and a long-term palladium price of US\$250/oz.

Figure 5: Platinum Supply, 000oz 2006

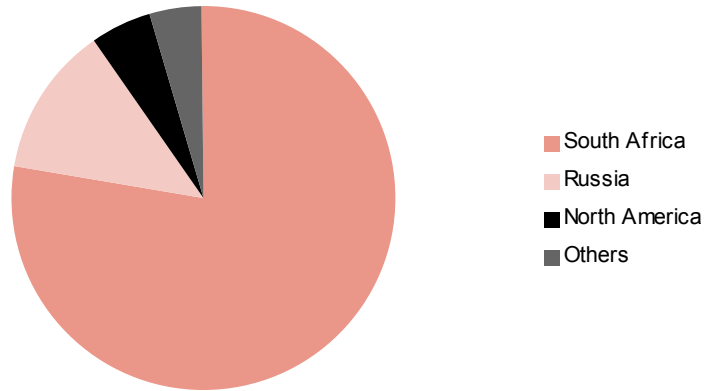


Source: Datastream

Autocatalyst demand is expected to continue to rise, driven by the growing use of catalytic converters in diesel vehicles. Industrial use of the metal should also continue to steadily grow as platinum is increasingly used in the manufacture of hard disks. By contrast, the use of platinum in jewellery is likely to stagnate or grow slowly whilst prices remain above US\$1,000/oz and there has been a net sale of investment holdings in the last 12 months.

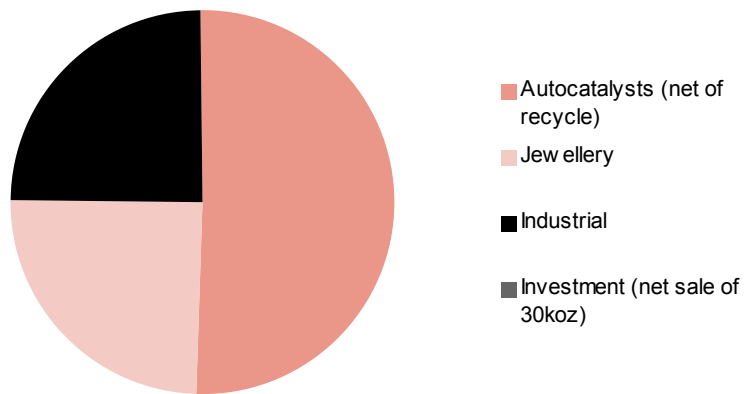
From a supply perspective the commissioning of the Everest and Two Rivers mines in South Africa should add further 345koz/y, with an additional increase from upgrades and expansions at Anglo Platinum's assets. Outside of South Africa, which accounts for the vast majority of platinum reserves, resources and production, US production is likely to remain stable and Russian production is likely to increase by 10%. Zimbabwe remains the wild card in the supply equation; the country only produces 150koz/y at the present time but it has the potential to produce far more. We believe that the political and security situation in the country has the potential to deteriorate before it improves and this could provide a further short-term boost to the price.

Figure 6: Platinum Supply, 000oz 2006



Source: Johnson Matthey

Figure 7: Platinum Demand, 000 oz 2006



Source: Johnson Matthey

Financials

At the top level, Jubilee's financials are simple and reflect the fact that the company is a pure explorer with no revenues and a cost base that is largely defined by its G&A and exploration spending. The company does however have some more complicated relationships beneath this at the local operating company level. Jubilee added a listing on the Johannesburg Stock Exchange in late 2006, which will allow the company's South African investors, including its BEE partners, to invest directly in the company, while also making it easier for the company to use its paper to acquire other assets in South Africa.

The key agreements that are currently in place are

Tjate

- Jubilee is earning an interest in Tjate from Royal Bafokeng Resources. It acquired its initial 25% interest for ZAR35m, and can earn a further 10% by spending ZAR14m on exploration. In December 2006 Jubilee agreed to purchase a further 13% for ZAR65m and has an option to purchase an additional 15% for ZAR75m. It could therefore acquire 63% of Tjate for ZAR189m, US\$26m. This interest is held through its local subsidiary, Windsor.
- Mitsubishi has agreed to invest US\$16m in Windsor through a series of zero coupon convertibles. The first was for US\$4m in December 2006 with the second and third tranches, each for US\$6m and payable in March and September 2007. Mitsubishi will eventually hold up to a 20% indirect beneficial interest in Tjate through Windsor.

Ambodilafa

- Implats can acquire 51% of Jubilee's interest in the project through spending US\$5m. Jubilee currently holds an 85% interest but can increase this to 95% through paying US\$1m to its Madagascan partners.

Londokomanana and Itsindra

- Jubilee entered into an agreement with TransAsia Minerals in October 2006 under which it can earn a 51% interest in the projects in return for funding US\$7m of exploration at Londokomanana and US\$3m at Itsindra over a three-year period. Jubilee holds an 85% interest in the projects that can be raised to 95% through the payment of US\$1m. If TransAsia do obtain a 51% interest then Jubilee has the option to fund its position, sell or dilute to a 20% free carry through to production.

Lavatrafo

- TransAsia paid Jubilee a non-refundable option fee of US\$100k for the right of first refusal in the event of a bona-fide third party offer for the Lavatrafo project that is adjacent to Londokomanana.

The company has a relatively strong cash position of approximately £4.5m, which is more than sufficient to fund its exploration commitments over the short-term, however, despite the Mitsubishi deal it would need to raise additional funds to further increase its holding in Tjate, complete the feasibility study at the project or to bring it into production. We have assumed that Tjate is funded through a mixture of equity and debt using a ratio of 75:25 and that ultimately Jubilee has a 50% indirect beneficial holding through Windsor, with Mitsubishi holding a 20% indirect beneficial interest.

Jubilee has a clear strategy of entering into joint venture agreements and therefore diluting at a project rather than equity level. Tjate aside, it is likely that it will ultimately hold a minority stake or NSR in projects.

In January 2006 Jubilee entered into a £1.5m convertible loan that pays a coupon of 8%, is unsecured and matures in January 2010. It may be converted after a 12-month period and before the maturity date at 70p/share. Should the 20-day average closing price of the company's shares exceed 85p after the initial 12-month period then Jubilee has the right to call the note for conversion at 70p.

The company also raised US\$1m at 110p/share from TransAsia in October 2006, which should cover the majority of its G&A expenses over the next twelve months.

Profit & Loss

Table 4: P&L

P&L		2006A	2007E	2008E	2009E
5PGM+Au	oz	0	0	0	102,828
Nickel	t	0	0	0	1,461
Copper	t	0	0	0	584
US\$		1.95	1.95	1.95	1.95
Mining Turnover	£m	0	0	0	44
Other Turnover	£m	0.00	0.00	0.00	0.00
Total revenues	£m	0.00	0.00	0.00	44.46
Operating Costs	£m	0.00	0.00	0.00	17.03
Royalty	5%	0.00	0.00	0.00	1.33
EBITDA	£m	-0.83	-0.85	-0.87	25.20
Depreciation	£m	0.00	0.01	0.00	3.40
Amortisation	£m	0.00	0.00	0.00	0.00
Exploration Expenditure	£m	0.00	0.00	0.00	0.00
G&A	£m	0.83	0.85	0.87	0.89
	£m	0.83	0.85	0.87	4.30
EBIT	£m	-0.83	-0.85	-0.87	21.80
Interest income	£m	0.28	0.00	0.00	0.00
Interest paid	£m	0.05	0.00	2.40	1.60
Other income/expense	£m	-0.03	0.00	0.00	0.00
Net interest	£m	0.21	0.00	-2.40	-1.60
Pre tax profit	£m	-0.62	-0.85	-3.27	20.20
Tax	£m	0.00	0.00	0.00	0.00
Abnormals	£m	0.00	0.00	0.00	0.00
NPAT	£m	-0.62	-0.85	-3.27	20.20
Minorities	£m	0.12	0.00	0.00	0.00
Dividend	£m	0.00	0.00	0.00	0.00
Retained income	£m	-0.50	-0.85	-3.27	20.20
Forex Loss / Gain	£m	0.00	-0.23	-0.23	-0.23
Normalised income	£m	-0.50	-1.09	-3.51	19.97
EPS	£	-0.01	-0.01	-0.04	0.22
Dividend	£	0.00	0.00	0.00	0.00
Shares OS	m	77.37	82.37	92.37	92.37

Source: Jubilee Platinum, CS Estimates

Balance Sheet

Table 5: Balance Sheet

Balance Sheet		2006A	2007E	2008E	2009E
Fixed Assets					
Property Plant Equipment	£m	0.05	0.05	34.04	31.54
Intangible Assets	£m	3.90	5.40	7.40	7.40
Deferred Tax	£m	0.00	0.00	0.00	0.00
Other Assets	£m	0.00	0.00	0.00	0.00
Receivables	£m	0.00	0.00	0.00	0.00
Other Financial Assets	£m	2.62	2.62	2.62	2.62
	£m	6.58	8.07	44.06	41.56
Current Assets					
Cash	£m	4.67	5.32	0.05	9.05
Receivables	£m	0.54	0.54	0.54	0.54
Other Financial Assets	£m	0.00	0.00	0.00	0.00
Inventories	£m	0.00	0.00	0.00	3.71
Tax Assets	£m	0.00	0.00	0.00	0.00
Other Assets	£m	0.00	0.00	0.00	0.00
	£m	5.21	5.86	0.59	13.29
Current Liabilities					
Payables	£m	1.66	1.66	1.66	1.66
Short-term debt	£m	0.00	0.00	0.00	0.00
Tax liabilities	£m	0.00	0.00	0.00	0.00
Provisions	£m	0.00	0.00	0.00	0.00
Other liabilities	£m	0.00	0.00	0.00	0.00
	£m	1.66	1.66	1.66	1.66
Net Current Assets	£m	3.55	4.20	-1.07	11.64
Total Assets less Current Liabs	£m	10.12	12.27	43.00	53.20
Long-term					
Long-term debt	£m	0.00	0.00	30.00	20.00
Deferred Tax	£m	0.00	0.00	0.00	0.00
Provisions	£m	0.00	0.00	0.00	0.00
Other liabilities	£m	0.00	0.00	0.00	0.00
	£m	0.00	0.00	30.00	20.00
Minorities	£m	0.10	0.10	0.10	0.10
Net Assets	£m	10.22	12.37	13.09	33.29
Equity Capital					
Equity Capital	£m	0.79	0.79	0.79	0.79
Share Premium ac	£m	11.86	14.86	18.86	18.86
P&L ac	£m	-2.42	-3.28	-6.55	13.65
Equity Interests	£m	10.22	12.37	13.09	33.29

Source: Jubilee Platinum, CS Estimates

Cash flow

Table 6: Cash flow

Cash flow		2006A	2007E	2008E	2009E
Operating profit	£m	-1.15	-0.85	-0.87	21.80
Depreciation	£m	0.00	0.01	0.00	3.40
Amortisation	£m	0.00	0.00	0.00	0.00
Gain on disposals	£m	0.00	0.00	0.00	0.00
Provisions and other	£m	0.00	0.00	0.00	0.00
	£m	-1.15	-0.85	-0.87	25.20
Change in debtors	£m	0.00	0.00	0.00	0.00
Change in stocks	£m	0.00	0.00	0.00	-3.71
Change in creditors	£m	0.00	0.00	0.00	0.00
Other	£m	0.00	0.00	0.00	0.00
	£m	0.00	0.00	0.00	-3.71
Operating Cash flow	£m	-1.15	-0.85	-0.87	21.50
Net Interest	£m	0.28	0.00	-2.40	-1.60
Forex	£m	0.28	0.00	0.00	0.00
Tax	£m	0.00	0.00	0.00	0.00
	£m	0.56	0.00	-2.40	-1.60
	£m	-0.59	-0.85	-3.27	19.90
Maintenance capex	£m	0.00	0.00	0.00	-0.90
Expansion capex	£m	0.00	0.00	0.00	0.00
Pre prod dev expenditure	£m	0.00	0.00	-2.00	0.00
Assets Purchased	£m	-1.14	-1.50	-34.00	0.00
Asset Sales	£m	0.00	0.00	0.00	0.00
Investment in associate	£m	0.00	0.00	0.00	0.00
Investing CF	£m	-1.14	-1.50	-36.00	-0.90
	£m	-1.73	-2.35	-39.27	19.00
Movement in Liquid Resources	£m	-0.46	0.46	0.00	0.00
Shares issued	£m	0.26	3.00	4.00	0.00
+ Loans	£m	1.50	0.00	30.00	0.00
+ Other	£m	0.00	0.00	0.00	0.00
- Loan Repayment	£m	0.00	0.00	0.00	-10.00
- Dividends	£m	0.00	0.00	0.00	0.00
Financing CF	£m	1.76	3.00	34.00	-10.00
Cash flow	£m	-0.42	1.11	-5.27	9.00

Source: Jubilee Platinum, CS Estimates

Disclosure. Prices of securities mentioned are as at close of business on 5 January 2007 unless indicated otherwise.

Research Recommendations issued by Collins Stewart Europe Limited in Q3 2006

Recommendations	Buys	Sells	Hold/Neutral
Percentage of Total	60%	20%	20%
Percentage of which in Corporate Client stocks	22%	2%	6%

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