

7th July 2009

Jubilee Platinum* - Acquisition of Braemore Resources – Buy with Target increased from 57p to 65p

The formal announcement of Jubilee's offer to acquire the entire share capital of Braemore Resources was made on the 3rd of July after Braemore had earlier disclosed it had been in discussions with a third party about a possible takeover. The share offer, if approved, will bring together two companies with complementary operations and who already have a production and smelting agreement using Braemore's ConRoast proprietary technology.

Jubilee has offered Braemore shareholders 1 Jubilee share for every 15.818 Braemore shares currently held which, if passed, will result in 49,988,553 new Jubilee shares being issued. In excess of 75% of Braemore shareholders will need to approve the offer, with above 50% of Braemore shareholder having already given irrevocable commitments to vote in favour of the scheme. Should the scheme of arrangement fail, Jubilee will make a substitute offer at no less favourable terms to Braemore shareholders than the current offer.

While the scheme is being implemented, Jubilee has agreed to fund Braemore's operating costs up to a maximum of 7 million Rand, to settle some of its current liabilities (up to 25 million Rand) and pay Braemore's 18 million Rand outstanding commitment to Mintek by the 30th September 2009. Should the transaction fail, a 1% compensation fee is payable (estimated at c.£250,000) by the party responsible for the collapse.

Braemore is focused on the smelting and refinement of nickel and PGMs (platinum group minerals) and is listed on both AIM and the JSE. In South

Key Data

EPIC	JLP
Share Price	37.25p
Spread	37p – 37.5p
Total no of shares	186,470,392 (after new issue)
Market Cap	£43.4 million
12 Month Range	7.125p – 58.75p
Net Cash	£6 million (est)
Market	AIM
Website	www.jubileeplatinum.com
Sector	Mining
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Africa, Braemore has an exclusive licence to use Mintek's ConRoast alternative roasting and smelting process, which has shown particularly good results with PGMs. In Australia, Braemore has an agreement with BHP Billiton to process three nickel surface tailings dumps in Leinster, Kambalda and Mt Keith containing an estimated total of c.500,000 tonnes of nickel. In the 6 months to 31st December 2008, Braemore reported a pre-tax loss of £4.4 million on revenue of £2 million from its smelting activities. However, the replacement of old unprofitable (vulnerable to PGM market volatility) contract agreements with two new off-take agreements has left Braemore confident of a profitable future.

Having recently announced its debt SAMREC compliant resource of 22 million ounces of 3PGE + AU (platinum, palladium, rhodium and gold) at its 63% owned Tjate project in South Africa, Jubilee has moved quickly to augment its operations with the value added services provided by Braemore. While the advantages of the scheme are yet to be quantified, the fact that Jubilee had already signed up to the ConRoast technology means the benefits have motivated a full acquisition. The 50 million new Jubilee shares to be issued to Braemore shareholders may appear significant but we believe that the merger will accelerate Jubilee's move towards generating near term cashflow and as such should be viewed positively. As such this transaction de-risks the Jubilee investment proposition and we reiterate our stance of **buy** but increase the target price from 57p to 65p.



Forecast Table

Year to 30th June	Sales (£ Million)	Pre-tax Profit (£ Million)	Earnings Per Share (p)	Price Earnings Ratio	Dividends Per Share (p)	Dividend Yield (%)
2007A	0	(1.75)	(1.55)	NA	0	0.0
2008A	0	(4.08)	(3.61)	NA	0	0.0
2009E	0	(2.0)	(1.77)	NA	0	0.0
2010E	0	(2.5)	(2.21)	NA	0	0.0

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