

8th May 2009

Jubilee Platinum* - Impending PGM Resource Statement and Promising Joint Venture – Buy at 15.25p with Initial Target of 49p

The share price of Jubilee Platinum has fallen dramatically over the past year. This reflects forced selling by the institutional shareholders who dominated the shareholder list a year ago and have faced large scale redemptions not the steady and positive progress made on the ground. Jubilee Platinum has steadily advanced its blue riband asset, the 63% owned Tjate project in South Africa, towards an industry compliant resource statement. This statement will mark a critical landmark for the company as it is expected to show definitively that Tjate is one of the largest untapped PGM resources in the world and is clearly a commercially viable prospect. Meanwhile the company is also working rapidly to generate near term cashflow from a joint venture with Benhaus Mining which will add to its already strong cash position. We reiterate our stance of **buy** at 15.25p with an initial target price of 49p.

Key Data

EPIC	JLP
Share Price	15.25p
Spread	15p – 15.5p
Total no of shares	116,237,927
Market Cap	£17.7 million
12 Month Range	7.125p – 82p
Net Cash	£7.5 million
Market	AIM
Website	www.jubileeplatinum.com
Sector	Mining
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The resource statement is one component of the Tjate feasibility study which commenced in January 2008 and has seen 42 boreholes drilled as part of phase 2. It is this drilling that will allow independent consultants, The Mineral Corporation Limited, to complete an industry compliant resource statement. With the resource currently estimated to be in the region of 50 million ounces of PGM (Platinum Group Minerals) attributable to Jubilee, even a low \$4 in-situ valuation produces an asset worth \$200 million. Two years ago in-situ valuations were upwards of \$20 per ounce and this demonstrates that major upside potential remains on a project that even at \$4 per ounce represents strong value. The Tjate project is made up of three nearby farms which together total 5,143 hectares in area. The farms are an extension of the Marula platinum mine resource operated by Impala Platinum and Anglo Platinum's Twickenham platinum mine currently in development.

On the 4th of November, 65% owned Jubilee subsidiary Maude Mining Exploration (Pty) Limited entered into a joint venture with Benhaus Mining (Pty) Ltd. The venture sees both companies contributing their Chrome and PGM rights in their Elandsdrift / Bokfontein licences into the venture split 54.5% / 45.5% to Maude / Benhaus. The venture will target the surface chrome ores as well as extracting the PGM's from the tailings. Similar operations have seen a low cost plant established at a cost of £4-£5 million and producing significant cash flows in the short term. Indeed, such a plant processing annually 500,000 tonnes of ore at an average recoverable grade of 1.2 g/t PGM (50:50 Platinum : Palladium) and price of \$700 per ounce (\$1,200 Platinum, \$200 Palladium), would see annual revenues in the region of \$13.5 million of which \$4.8 million would be attributable to Jubilee. This venture could be generating positive operating cashflows within 12 months and assuming a 40% operating margin we estimate that the Net Present Value to Jubilee at a 12% discount rate is in the region of \$16 million.

The deteriorating political situation in Madagascar means that operations in that country are low key and we attribute little value to them at present.

Jubilee's share price has suffered along with its peers, but with net cash of £7.5 million, Jubilee is funded through 2009, no small feat in the current market. The Tjate resource statement will de-risk the project in the eyes of many stakeholders and may well prove the trigger for corporate action or collaboration with the majors who operate on neighbouring farms. With production unlikely at Tjate within 5 years we have applied a 50% risk weighting to our operational valuation of Jubilee's \$126 million share. However as the resource is further defined we would expect to reduce that risk weighting and that could process should therefore provide further positive impetus for the share price. Adding in Elandsdrift / Bokfontein at \$16 million, employing a USD/GBP exchange rate of \$1.6 and together with the £7.5 million net cash position, we value the group on a sum of the parts basis at £56.8 million or 49p per share and at 15.25p our stance remains **buy**.



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

**Jubilee Platinum is a corporate client of Bishopsgate Communications, which is owned by Rivington Street Holdings, the ultimate owner of GE&CR.*

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