



### Jubilee Platinum\* - JLP.L - (32p) – Strategic alliance with Sylvania Resources

Following the completion of its acquisition of Braemore Resources at the end of last week, Jubilee Platinum has jointly announced this morning that it will enter into a strategic alliance with Sylvania Resources. We view this alliance as a face saving move for Sylvania as it recovers from a steep decline in its share price over the last 2 weeks as a result of the failed acquisition attempt by Ruukki. Nevertheless, we think the alliance is a positive move for Sylvania as it will provide the company with access to Jubilee Platinum's ConRoast smelting process to treat chrome-rich PGM tailings that have not been tied into other contracts. We believe the catalyst for this alliance is a result of the recent successful re-commissioning of Jubilee's ConRoast smelter in Johannesburg which is currently treating chrome-rich PGM ore from the UG2 reef at a rate of 2,000 tonnes per month. Now that ConRoast has become accepted by the platinum industry as the only safe way to treat these problematic chrome-rich ores, we think that this strategic alliance with Sylvania is the first of many such alliances for Jubilee as it seeks to rapidly commercialise ConRoast by building the next generation of smelters on location in the Bushveld Complex. We estimate that Jubilee's operating ConRoast facility will produce revenue of £9.5 million and free cash flow of £1.8 million in calendar 2010, at current exchange rates, by treating chrome-rich ore through off-take agreements. **Considering the scalability of the ConRoast model, we believe that Jubilee is currently significantly undervalued against Sylvania, its closest peer, and think that now is the time to be overweight in the stock in anticipation of delivery on a significant growth pipeline over the next 2 years. We retain our 12 month price target of 85p per share.**