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| Code | JLP |
| Share Price | 46p |
| Pro-forma market Cap | £80m |
| Pro-forma shares in Issue | 905m |

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Jubilee Platinum* - offer for Braemore Resources

We see the friendly offer for Braemore Resources as a natural progression to the binding heads of agreement announced on 19 May. Successful completion will enable Jubilee to control more of the value chain and offer an intermediate product for refinement. We believe the combined company will contain a suit of complementary mining and processing assets and will be well positioned to exploit the synergies between them.

- ▶ The offer values Braemore at 3.29 pence per share or approximately £26 million, which is a discount of 32 per cent to last night's close. But we believe this is fair value as it reflects the significant project execution risk in building a 10MW ConRoast smelter to commercial scale, costing in the region of \$100m.
- ▶ Braemore is not part of the City Code but is subject to the South African code which should give shareholders adequate protection. The offer, by way of a scheme of arrangement, requires shareholder acceptance of at least 75 per cent. So far, 49.9 per cent of Braemore's shareholders have committed to voting in favour of the scheme.
- ▶ Jubilee has agreed to fund Braemore's operating costs, up to R25m (£2m), while the scheme of arrangement is being implemented. In addition, Jubilee will pay an additional R18m (£1.4m) owed to the owner of the rights to the ConRoast technology. This payment must be made by 30 September. We believe that Jubilee will have sufficient funds to make these payments.

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The recommendation system used for this research is as follows. We expect the indicated target price relative to the FT All Share Index to be achieved within 12 months of the date of this publication. A 'Hold' indicates expected performance relative to this index of +/-10%, a 'Buy' indicates expected outperformance >10% and a 'Sell' indicates expected underperformance of >10%.

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