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Jubilee Platinum* - First ConRoast Furnace and Company Cash Flows Imminent: Buy at 31.5p target price increased from 69p to 80p.

The desire to generate short-term cash flows and the introduction of its ConRoast technology are behind Jubilee's announcement on 4 May that it had secured a brownfield site for its first ConRoast Furnace. An initial 70% interest in the ferro-alloy smelting facility in Middelburg, South Africa has been acquired for \$10 million in cash, with the remaining 30% is under option for \$4 million in shares or cash.

Currently hosting two 2.5 MVA (million volt amperes) AC arc furnaces, the Middelburg site is in the process of having two more arc furnaces constructed (DC 5 MVA and AC 2.5 MVA) at a total cost of ZAR14 million (£1.3 million). ZAR5 million has already been incurred with Jubilee to make a further payment of up to ZAR9 million upon its agreed acquisition becoming effective.

Jubilee will generate cash almost immediately from Middleburg's current smelting facilities, and is already evaluating tenders for the engineering, construction and procurement of its first 5MW ConRoast facility. Of major significance is that the site is already fully permitted for precious metals and already has usable infrastructure, power (10 megawatt (MW) gas powered generator and a separate 6 MW grid power supply) and a skilled workforce. Permit applications have also been submitted to increase the plant's smelting capacity to accommodate the ConRoast facility.

The initial 70% interest is to be acquired from Thos Begbie Limited, while the remaining 30% is held by various Trusts. The call option held over this 30% interest has an expiry date of 31st December 2010.

Key Data	
EPIC	JLP
Share Price	31.5p
Spread	31p - 32p
Total no of Shares	230,220,867
Market Cap	£72.5 million
12 Month Range	22.75p - 53.75p
Net Cash	£7 million (est)
Market	AIM
Website	www.jubileeplatinum.com
Sector	Mining
Contact	Colin Bird, CEO Tel: +44 (0)20 7584 2155

Providing further support for the first commercial ConRoast Furnace was news on the 2 June that Mintek's demonstration furnace had smelted its targeted 50,000 tonnes of PGM (Platinum Group Metal) and in so doing concluded the process's development programme. Mintek will continue to support Jubilee in its commercialisation of ConRoast with Jubilee's Colin Bird delighted that Mintek's work had "... demonstrated it (ConRoast) is an environmentally friendlier, safer and more efficient processing solution...".

Establishing the first ConRoast facility should be the beginning of a successful operation in its own right for Jubilee, but that ignores the greater purpose it will serve. Tjate remains the company's great hope and, with Snowden Mining Industry Consultants having won the tender to manage the engineering, financial and environmental assessment of the project towards feasibility, the near term establishment of the first ConRoast Furnace is an important financial and operation development.

Jubilee is delivering on its strategic vision with near term cash flows set to release the company from the continued dilution brought by external funding reliance. While Middleburg will not provide the solution to all of Jubilee's financial requirements, it does provide a working ConRoast facility from which to perfect the technology and process while raising its profile and delivering cash flows. After current and expected continued relative strength in the dollar, we have revised our USD/GBP assumptions to \$1.30. Consequently our target price on Jubilee has been increased from 69p to 80p while our recommendation, at 31.5p, remains unchanged at **buy**.



Year to 31 st Dec	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)	(3.45)	NA	0	0.0
2009A	0	(4.08)	(3.50)	NA	0	0.0
2010E	0.5	(3.0)	(1.30)	NA	0	0.0

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