

30 March 2011

<b>Ticker (AIM / JSE)</b>	JLP / JBL	
<b>Price</b>	27p	
<b>Target Price</b>	59p	
<b>Upside</b>	117%	
<b>Market Cap</b>	£70m	
<b>Index</b>	FTSE AIM All Share	
<b>Sector</b>	Mining	
<b>Net Cash</b>	£6m	
<b>Shares in Issue</b>	257m	
<b>Next Results</b>	Prelims - September	
<b>What's changed</b>	<b>From</b>	<b>To</b>
<b>Adj. EPS (f.d.)</b>	-1.8p	-1.5p
<b>Recommendation</b>		
<b>Target Price</b>	59.0p	n/c

#### Share Price Performance



Source: Thomson Reuters

%	1M	3M	12M
Actual	+1.9	-10.7	-26.4
Relative	+1.8	-10.2	-31.3

#### Company Description

Platinum developer

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## Interim results

## CORP

**Yesterday's interim results show revenue of £3.6m derived from the smelter ferro-alloy operation at Thos Begbie in Middelburg, South Africa, that was inherited from last year's acquisition. These aging and relatively inefficient smelters are effectively a temporary measure to generate short-term cash flow while negotiations with Northam Platinum on the construction of the first DC Arc ConRoast platinum smelter are finalised. As we have said previously, the outcome of these negotiations is highly material as to whether our sum-of-the-parts valuation of 59 pence per share is achievable.**

- ▶ **Steady growth in revenue expected.** By the beginning of H2, revenue may be given an additional boost by the commissioning of the ferro-nickel smelter at the Thos Begbie site. We will report on the value of this smelter when we receive guidance from Jubilee. The CEO has publicly stated that the first 5MW ConRoast smelter will be in production by the end of this year which, if achieved, will provide a further increase to revenue.
- ▶ **Benefits of gas-fired power station will be increasingly felt.** Cost control for Jubilee will be important as power costs make up 40% of total operating costs at Thos Begbie. Our cost estimates for these smelters suffer because of the absence of a peer group, and we have erred conservatively as a result. Although Jubilee currently owns 51% of the power station, it receives 100% of its supply. In light of possible further power rationing in South Africa announced yesterday by the Deputy Finance Minister, an uninterrupted power supply will be increasingly advantageous for Jubilee to achieve its business plan. The next important milestone will be funding.
- ▶ **Sum-of-the-parts valuation depends on the market valuing more of the component parts.** Our 59 pence per share valuation of Jubilee assumes that the Tjate platinum deposit starts production in 2015 and a positive outcome for the Australian nickel projects in addition to the smelting operations. Application for New Order Mining Rights for Tjate will be submitted in May and we expect further news flow on the Australian nickel projects later this year. We are not currently valuing the Madagascar exploration but note that drilling has commenced and could produce results that are material to the share price.

Year ending June (£m)	2010A	2011E	2012E	2013E
<b>Data</b>				
Revenue (£m)	1.0	6.0	10.2	33.8
EBITDA (£m)	-3.6	-2.9	1.7	10.0
PTP (£m)	-4.0	-3.8	1.1	7.8
Tax (£m)	0	0	66	33
Adj. EPS (f.d.) (p)	-1.4	-1.5	0.2	2.0
DPS (p)	0.0	0.0	0.0	0.0
<b>Ratios</b>				
EV/Revenue (x)	67.3	10.7	6.3	1.9
EV/EBITDA (x)	--	--	38.2	6.4
P/E (x)	--	--	180.1	13.4
Yield (%)	--	--	--	--
Cash flow Yield (%)	--	--	--	--
EPS Growth (%)	--	--	--	--

Income statement					
GBP (000s)	2010FYA	2011H1A	2011FYE	2012FYE	2013FYE
<b>Revenue</b>	950	<b>3,567</b>	6,000	10,151	33,799
Cost of sales	(458)	<b>(2,168)</b>	(4,500)	(6,977)	(22,311)
<i>Gross margin</i>	52%	<b>39%</b>	25%	31%	34%
Administration expenses	(4,102)	<b>(2,131)</b>	(4,350)	(1,500)	(1,500)
<b>EBITDA</b>	(3,610)	<b>(732)</b>	(2,850)	1,674	9,989
Depreciation & amortisation	(401)	<b>(567)</b>	(1,000)	(555)	(2,222)
<b>EBIT</b>	(4,011)	<b>(1,299)</b>	(3,850)	1,119	7,767
Net finance income	168	<b>46</b>	100	--	--
Impairments	--	<b>(1)</b>	(1)	--	--
Other	1,615	--	--	--	--
<b>PBT</b>	(2,228)	<b>(1,254)</b>	(3,751)	1,119	7,767
Tax	--	--	--	(733)	(2,595)
<b>Profit (loss) after tax</b>	(2,228)	<b>(1,254)</b>	(3,751)	385	5,172
Profit on exchange rate	3,611	--	--	--	--
Total comprehensive income	1,383				
<i>Attributable to: -</i>					
Equity holders	(2,228)	<b>(1,254)</b>	(3,751)	385	5,172
Minority interest	--	--	--	--	--
<b>EPS (LPS) (pence per share)</b>	(1.35)	<b>(0.76)</b>	(1.47)	0.15	2.03

Source: Company reports, finnCap estimates

Cash flow					
GBP (000s)	2010FYA	2011H1A	2011FYE	2012FYE	2013FYE
Profit (loss) for the period	(2,228)	<b>(1,254)</b>	(3,751)	385	5,172
Depreciation & amortisation	401	<b>567</b>	1,000	555	2,222
Impairments	--	<b>1</b>	--	--	--
Working capital	(9,085)	<b>7,519</b>	3,000	(105)	(193)
Loss (profit) on sale of PPE	--	--	--	--	--
Net interest received	168	<b>46</b>	--	--	--
Share-based payments	1,327	<b>543</b>	--	--	--
Other	(11)	<b>5,220</b>	--	--	--
<b>Net cash flows from operations</b>	(9,428)	<b>12,642</b>	249	836	7,201
Purchase of PPE	(25)	<b>(10,406)</b>	(5,000)	(18,043)	(2,623)
Acquisition of power station	--	--	(3,000)	--	--
Proceeds from sale of PPP	47	--	--	--	--
Funding of deposit account for business combination	(7,652)	--	--	--	--
Increase in loans and investments	--	<b>(465)</b>	--	--	--
Acquisition of subsidiary	223	--	--	--	--
Purchase of intangible assets	(888)	<b>(5,419)</b>	(1,000)	--	--
<b>Net cash flows from investments</b>	(8,295)	<b>(16,290)</b>	(9,000)	(18,043)	(2,623)
Proceeds from issue of new borrowings	--	--	--	--	--
Issue of shares and warrants	22,918	<b>638</b>	--	--	--
<b>Net cash flows from financing</b>	22,918	<b>638</b>	--	--	--
FX effects on cash flow	161	--	--	--	--
Net increase (decrease) in cash	5,356	<b>(3,010)</b>	(8,751)	(17,207)	4,577
Cash, beginning of year	7,641	<b>12,997</b>	9,987	(14,223)	(31,778)
<b>Cash, end of year</b>	12,997	<b>9,987</b>	1,236	(31,430)	(27,201)

Source: Company reports, finnCap estimates

<b>Balance sheet</b>					
GBP (000s)	2010FYA	2011H1A	2011FYE	2012FYE	2013FYE
<b>Non current assets</b>					
PPE	112	<b>10,406</b>	17,406	50,128	52,413
Intangible assets	80,706	<b>86,125</b>	87,125	87,125	87,125
Investments in associates	--	--	--	--	--
Other receivables	--	--	--	--	--
<b>Total non current assets</b>	80,818	<b>96,531</b>	104,531	137,253	139,538
<b>Current assets</b>					
Trade receivables	7,721	<b>3,025</b>	1,525	1,655	1,914
Inventory	682	<b>956</b>	1,456	1,906	2,719
Other receivables	638	--	--	--	--
Cash at bank and in hand	12,997	<b>9,987</b>	1,236	(31,430)	(27,201)
<b>Total current assets</b>	22,038	<b>13,968</b>	4,217	(27,869)	(22,568)
<b>Non-current liabilities</b>					
Deferred tax	16,575	<b>16,575</b>	16,575	16,575	16,575
<b>Total non current liabilities</b>	16,575	<b>16,575</b>	16,575	16,575	16,575
<b>Current liabilities</b>					
Contingent/deferred consideration	1,400	<b>1,400</b>	1,400	1,400	1,400
Payables	1,731	<b>4,226</b>	6,226	6,596	7,264
<b>Total current liabilities</b>	3,131	<b>5,626</b>	7,626	7,996	8,664
<b>Net assets</b>	83,150	<b>88,298</b>	84,547	84,813	91,730
<b>Equity</b>					
Share capital	2,545	<b>2,565</b>	2,565	2,565	2,565
Share premium	56,977	<b>57,595</b>	57,595	57,595	57,595
Other reserves	36,576	<b>42,339</b>	42,339	42,339	42,339
Retained earnings	(12,948)	<b>(14,201)</b>	(17,952)	(17,686)	(10,769)
<b>Parent Interest</b>	83,150	<b>88,298</b>	84,547	84,813	91,730
Minority Interest	--	--	--	--	--
<b>Total Equity</b>	83,150	<b>88,298</b>	84,547	84,813	91,730

Source: Company reports, finnCap estimates

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