

**No recommendation****Price 9p****Mining****United Kingdom**

AIM	703
Reuters/Bloomberg	JLP
No. of shares in issue (m)	313.2
Market Cap (£m)	28.2
Website	www.jubileeplatinum.com

Jubilee Platinum⁺*

The plan is coming together

Jubilee Platinum announced the raising of up to £1.73m (via the placing of 20.2m shares at 8.55p/share) with which to advance the company's platinum group metals (PGMs) mine-to-metals strategy. More specifically, the funds will help finance the Dilokong and Ashbrook tailings transactions, and the associated upgrading of furnaces and infrastructure at Middelburg. In addition, the company is issuing 3.86m shares (£0.39m or ZAR5.26m) as consideration for the previously announced acquisition of an additional 19% interest in the previously 51%-owned power subsidiary Power Alt (this first tranche of three takes Jubilee's stake to 58.6%). Jubilee is also issuing 1.06m shares (£0.1m, ZAR1.29m) as consideration for the increase in interest in the Middelburg smelter facility from 70% to 100%. The Power Alt and Middelburg deals underline the importance of cash generation as a key differentiator separating Jubilee from its explorer-developer peers, in our opinion. We reiterate our belief that there is a strong case for a much higher valuation than currently attributed by the market.

Platinum Australia (PLA) demise is Jubilee Dilokong opportunity: On October 9th, 2012, Jubilee announced a binding and exclusive Memorandum of Understanding (MoU) whereby the 800kt of tailings at Jubilee's Dilokong tailings dump would be toll-processed at a rate of 50ktpm at PLA's nearby Smokey Hills concentrator. We see a very positive impact on project NPV: capital outlay would be minimised and commencement of production of 'own' concentrates can be accelerated to as early as, say, Q3 FY2013. The MoU, which also "opens the door" to exploring further opportunities between the two companies, is subject to final due diligence by Jubilee and PLA's senior creditor (PLA is currently in administration) and any necessary regulatory approvals.

CY2012 is Year of Delivery: We have previously opined that CY2012 will be the year when Jubilee begins to deliver. This is proving to be the case, with various components already falling into place. In particular, we anticipated that Jubilee (as we expected) would receive more opportunities to develop its mine-to-metals strategy as a result of the current strife in the South African PGM and chrome industries; we suspect that yet more deals could be in the works.

Valuation anomaly: We have updated our Jubilee model for today's share issuances (total shares in issue rises from 288.1m to 313.3m shares) but otherwise left it unchanged for the time being, pending the completions of the various announced transactions (Figures 1-3). Our present sum-of-the-parts NPV of 80p/share fully diluted is significantly higher than the current share price. In our notes dated April 2nd and September 28th, 2012, we showed that peer average EV/oz values suggest at least c200% upside and that Jubilee has been one of the better performers in the PGM space. We reiterate our belief that the case for a much higher market valuation is strong.

***Shore Capital Stockbrokers Limited acts as joint broker to Jubilee Platinum.**

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Fig 1: Financial statements* - excludes electricity tender and today's deals for now

Vital Statistics		FY2011A	FY2012A	FY2013F	FY2014F
EPS	p/share	(2.67)	(2.61)	(0.71)	(0.13)
P/E	x	n.m.	n.m.	n.m.	n.m.
CFPS	p/share	(2.70)	(1.75)	0.13	1.20
P/CFPS	x	n.m.	n.m.	96.12x	10.71x
Net Debt/(Cash)**	£m	(0.73)	1.10	34.01	251.36
Average Shares OS	m	255.84	279.15	303.15	318.18
Average Shares FD	m	265.61	288.92	333.42	345.97
INCOME STATEMENT		FY2011A	FY2012A	FY2013F	FY2014F
Net Revenue	£m	5.50	3.73	13.89	21.12
Operating Costs	£m	(9.51)	(10.19)	(12.78)	(16.91)
EBITDA	£m	(4.01)	(6.46)	1.12	4.21
Depreciation & Amortisation	£m	(2.50)	(1.84)	(2.94)	(3.41)
EBIT	£m	(6.51)	(8.31)	(1.82)	0.80
Finance Income	£m	(0.50)	(0.33)	(0.16)	(0.15)
Pre-Tax Profit	£m	(7.01)	(8.64)	(1.99)	0.65
Taxes	£m	(0.58)	0.26	(0.16)	(0.81)
Minorities	£m	0.77	1.09	0.00	(0.25)
Attributable Net Income	£m	(6.82)	(7.29)	(2.15)	(0.41)
EPS	p/share	(2.67)	(2.61)	(0.71)	(0.13)
BALANCE SHEET		FY2011A	FY2012A	FY2013F	FY2014F
Cash & Equivalents	£m	2.01	1.06	(31.85)	(249.19)
Other Current Assets	£m	3.95	1.67	3.23	5.10
Current Assets	£m	5.96	2.73	(28.62)	(244.10)
PP&E	£m	103.58	93.80	126.13	343.63
Other	£m	0.52	0.00	0.00	0.00
Total Assets	£m	110.06	96.53	97.51	99.54
Short-term Debt	£m	1.28	2.16	2.16	2.16
Other Current Liabilities	£m	4.18	3.08	3.47	5.11
Current Liabilities	£m	5.46	5.25	5.64	7.27
Long Term Debt	£m	0.00	0.00	0.00	0.00
Other Long Term Liabilities	£m	15.28	13.42	12.78	10.89
Total Liabilities	£m	20.744	18.666	18.4156	18.1652
Shareholder Equity	£m	60.16	64.42	66.63	66.63
Retained Income	£m	(21.06)	(28.35)	(30.49)	(30.90)
Other	£m	50.21	41.78	42.95	45.64
Total Liabilities & Equity	£m	110.06	96.53	97.51	99.54
CASHFLOW STATEMENT		FY2011A	FY2012A	FY2013F	FY2014F
Net Income	£m	(6.82)	(7.29)	(2.15)	(0.41)
DD&A	£m	2.50	1.32	2.94	3.41
Other	£m	(10.09)	(0.10)	0.78	1.06
Change in Working Capital	£m	7.51	1.18	(1.17)	(0.24)
Cash Flow from Operations	£m	(6.91)	(4.89)	0.41	3.82
Capital Expenditure	£m	(3.76)	(0.79)	(40.59)	(220.92)
Other	£m	1.07	0.00	5.80	0.00
Cash Flow from Investments	£m	(2.68)	(0.79)	(34.79)	(220.92)
Equity Issues (Net of Costs)	£m	0.00	4.42	1.73	0.00
Net Borrowings	£m	0.00	0.00	0.00	0.00
Other	£m	(1.64)	(0.52)	(0.25)	(0.25)
Cash Flow from Financing	£m	(1.64)	3.90	1.47	(0.25)
Net Cashflow	£m	(11.23)	(1.78)	(32.91)	(217.35)
FX Adjustments	£m	0.16	0.24	0.83	0.00
Cash at End of Year	£m	2.01	1.06	(31.85)	(249.19)

* All GBP unless otherwise noted; fiscal year-end 30th June.

** FY2013 and FY2014 net debt reflects funding requirements, which could be met from equity and/or debt.

Source: Jubilee Platinum, Shore Capital estimates

Fig 2: Commodity price and exchange rate assumptions*

MODEL ASSUMPTIONS		FY2011A	FY2012A	FY2013F	FY2014F
Platinum	US\$/oz	1,708	1,604	1,649	1,688
Palladium	US\$/oz	682	673	691	950
Rhodium	US\$/oz	2,292	1,567	1,317	1,963
Nickel	US\$/t	23,968	19,292	18,188	22,322
Copper	US\$/t	8,663	8,171	8,681	10,472
GBP/USD	US\$/£	1.59	1.58	1.59	1.60
ZAR/USD	ZAR/US\$	7.00	7.79	7.97	7.25
AUD/USD	A\$/US\$	1.01	0.97	0.98	1.00

*Fiscal 30th June.

Source: Bloomberg, Shore Capital estimates

Fig 3: Sum-of-the-parts FY2013F DCF valuation - excludes electricity tender and today's deals for now

Asset	Interest	Disc. Rate	£m	£/share	%NPV
Jubilee Smelting & Refining (Ferroalloys)	100%	10%	19.0	0.05	6.1%
Braemore Platinum Smelters	100%	10%	47.8	0.14	15.3%
Tjate (with ConRoast & CVMR)	63%	10%	161.4	0.47	51.6%
Sylvania JV (Volspruit)	50%	10%	33.5	0.10	10.7%
Kambalda	100%*	10%	39.6	0.11	12.6%
Leinster	100%*	10%	11.7	0.03	3.7%
Net Operating Assets			313.1	0.90	
Cash			1.1	0.00	
Debt			(2.2)	(0.01)	
Corporate G&A		10%	(39.1)	(0.11)	
Options			4.2	0.01	
Net Asset Value			277.0	0.80	

* We assume BHP exercises its 50% buy-in rights.

Source: Shore Capital estimates

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