



No recommendation

Price 7.1p

Mining
United Kingdom

AIM	727
Reuters/Bloomberg	JLP
No. of shares in issue (m)	345.1
Market Cap (£m)	24.6
Website	www.jubileeplatinum.com

Jubilee Platinum⁺*

Non-core disposals expedite strategy

Jubilee yesterday (May 28th, 2013) announced the sales of 65% of wholly-owned JSR (the ferroalloys toll-smelting business) and 40% of PowerAlt (Jubilee had a 70% interest in this power generation business) to Global Renewal Energy (GRE) for US\$9.1m in cash. Jubilee also has an irrevocable 2-year put option to sell its remaining interests in these non-core businesses for US\$4.9m in cash (i.e. US\$14m in total). The initial proceeds should be received by June 14th, 2013, significantly strengthening Jubilee's balance sheet. This should expedite the company's platinum group metals (PGMs) mine-to-metals strategy, allowing it to capitalise on opportunities arising as a result of the current challenging conditions in the South African PGM industry. We have previously opined that Jubilee is particularly well-placed to take advantage of any fallout. Indeed, a number of deals have already been struck, with the company-transforming PLA acquisition the most significant to date, and we have no doubt more will be announced going forward. We reiterate our belief that there is a strong case for a much higher valuation than currently attributed by the markets.

PGM smelting capability retained: Importantly for its mine-to-metals strategy, Jubilee retains the right to use the new 5MW furnace at Middelburg for PGM smelting (effectively on a toll-smelting basis), and has an irrevocable 2-year free option to install an additional 5MW DC furnace. The latter is subject to power availability; we do not anticipate this being problematic as Jubilee has a 2-year right to participate in any expansion of the power plant facility.

Transactional financing timeline amended: Last week, the end date for the PLA acquisition was extended so that the associated funding proposal (a condition precedent) could be revised to incorporate a third-party toll-processing request. The financing timeline is now to coincide with the first court hearing for the proposed Scheme of Arrangement, i.e. targeted for June 10th, 2013. With today's asset sales, we believe that Jubilee should be amply funded to cover the revised funding requirement, which we anticipate being significantly lower than the ZAR190m originally announced.

Achievements to date entirely underappreciated: In our view, Jubilee's share price fails to reflect how canny and skilful management has been in navigating and exploiting difficult market conditions on the path to building a significant mine-to-metals PGM company. Bear in mind that Jubilee originally acquired JSR and PowerAlt to secure access to (amongst other things) environmental permitting, power security, and smelting capacity and expertise, which has been retained. Today's disposals were of successfully rehabilitated 'incidental' assets, which very usefully raise significant cash with which to prosecute Jubilee's strategy (cash which we believe would have been nigh on unraiseable on today's equity markets), on which management will now be able to better focus.

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

Disclosures of potential conflicts of interest as required by regulatory bodies are shown on page 3

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