

**No recommendation****Price 6.9p****Mining****United Kingdom**

AIM	731
Reuters/Bloomberg	JLP
No. of shares in issue (m)	345.11
Market Cap (£m)	23.7
Website	www.jubileeplatinum.com

Jubilee Platinum⁺*

Toll deal may improve PLA terms

Jubilee released more positive news yesterday (May 22nd, 2013). Operationally, Q1 CY2013 revenues and gross profits were ZAR16.4m (£1.17m) and ZAR11.2m (£0.8m), up 32% and 47% over Q4-CY2012's ZAR12.4m (£0.89m) and ZAR7.6m (£0.54m), respectively. Meanwhile, Jubilee has received a request to toll-process up to 40ktpm of third-party PGM-containing material at Smokey Hills. This would allow a slower mine ramp-up and significantly reduce Jubilee's working capital requirements in bringing Smokey Hills to full production. Jubilee's ZAR190m transactional funding obligations in respect of the PLA acquisition could thus be much reduced, and the transactional end date has been extended to July 31st, 2013 as a result. We have previously opined that the South African PGM sector is currently experiencing exceptionally "interesting times" and that Jubilee is particularly well-placed to take advantage of any fallout. The company-transforming PLA acquisition is the most significant such opportunity to date, and we expect by no means the last. We reiterate our belief that there is a strong case for a much higher valuation than currently attributed by the markets.

Q2 CY2013 financials should be even better: Q1's impressive revenue and profit increases were largely attributable to increased third-party sales of electricity, with the ferroalloy smelters operating at c72% of capacity (i.e. only the 5MW furnace running; Jubilee had previously said it was taking the high-cost 2.5MW furnaces offline). These figures can be expected to improve still further - Jubilee's 70%-owned power generation subsidiary PowerAlt has secured the requisite regulatory consents and licences to sell 10MW of power to the national electricity public utility, versus the current 5MW currently contracted), a contract extension worth ZAR98m (£7m).

Smokey Hills could attract more toll-processing deals: The toll-processing request highlights Smokey Hills' strategic central location on the Bushveld Complex's Eastern Limb and suggests to us that further such deals could be done. This would usefully add significant flexibility, with greater emphasis on toll-processing during periods when of lower PGM prices (which would generate revenues while reducing mining costs).

DCM tailings treatment green-lighted: An agreement in principle on a chrome recovery agreement for the DCM tailings has been reached between all stakeholders. As this agreement was a condition precedent, the way is effectively paved for commencement of processing of the DCM tailings. Logically, however, to maximise benefit to Jubilee, the company would only commence said treatment of tailings once the PLA transaction has closed. Otherwise, toll-processing fees would have to be paid to PLA.

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