

# Cautionary announcement relating to a proposed merger of Jubilee Platinum Plc with Platinum Australia Ltd

14 December 2012

Jubilee is pleased to announce it is in an advanced stage of discussions for a proposed business combination or merger ("the Proposed Transaction") by way of a proposed scheme of arrangement ("Scheme") with Australian listed Platinum Australia Limited ("PLA") (the "Parties").

The Parties have exchanged a Heads of Agreement (HoA) defining the key elements of the scheme which will be used to prepare the final scheme implementation agreement.

The Company apologises for the sudden late release of this announcement, which it is obliged under regulatory requirements to do so as soon as it is aware of potentially price sensitive information.

## Highlights of the Proposed Transaction

The merger will create a large Anglo-Australian-South African platinum mining group with the potential to be a significant producer within the top 5 platinum producers in the World.

Jubilee's announced agreement with PLA to use PLA's Smokey Hills Mine concentrator agreement accelerates the processing of Dilokong tailings by some 14 months to commence during the first half of 2013.

The reopening of the Smokey Hills Mine which is fully capitalised and ready for production would provide the combined group with annualised production of 70,000 oz per annum of platinum group metals. It is expected that the mine would be brought into production during the second half of 2013.

The combined group would have access to the ConRoast process for its future concentrate production.

With the exception of Tjate all of the projects are near term with relatively low capital requirements. It is intended that the combined group grows its earnings profile from cash generated by its own operations.

PLA holds the rights to the Rooderand Platinum project in the western limb of the Bushveld complex which fits the production model and compliments Smokey Hills Mine.

The combined management team has a solid track record of operational and corporate delivery.

Leon Coetzer, Chief Executive Officer of Jubilee, said: "This proposed transaction we believe will materially enhance Jubilee's Mine to Metals Strategy and we look forward to working with PLA as a combined force to develop our respective assets in the best interests of the shareholders of the two companies."

John Lewins, Director of Platinum Australia, said: "We believe that Jubilee's diverse platinum portfolio and cash flow potential together with our Smokey Hills Mine and development projects will result in a balanced group well able to take the benefits of the anticipated improvement in the fortunes of the platinum industry."

Shareholders are advised to exercise caution when dealing in their securities until a further announcement is made.

Andrew Sarosi, Executive Director of Jubilee, who holds a B.Sc. Metallurgy and M.Sc. Engineering, University of Witwatersrand and is a member of The Institute of Materials, Minerals and Mining, is a 'qualified person' as defined under the AIM Rules for Companies and a competent person under the reporting standards. The technical parts of this announcement have been prepared under Andrew Sarosi's supervision and he has approved the release of this announcement.

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Jubilee Platinum plc is a mining exploration and development company with a primary focus on platinum group elements (PGE). Through recent acquisitions, the Company has added PGE and ferroalloy smelting and refining to its capability. The Company aims to create an integrated mine-to-metals company with a primary focus on platinum. This mission is based on modern and thoroughly-proven smelting technology to process the Company's own and other's high-chrome PGE concentrates and, importantly, to improve mining environments by reprocessing mine tailings dumped by other miners.

The Company's prime asset in South Africa is the Tjate platinum project, in which it has a 63% beneficial interest. The project's exploration area is judged to host the world's largest undeveloped block of defined platinum ore, covering some 5,140 hectares to a potential target of some 65 million oz (41 million oz attributable) of PGEs and gold, net of geological losses. Tjate Platinum Corporation, received a formal offer from a major mining company to acquire for ZAR75 million (c.£5.95 million at current exchange rates) in cash, for the Quartzhill farm portion of its Tjate Platinum Project.

In October 2009, Jubilee acquired Braemore Resources plc, which holds an exclusive licence to the ConRoast process for the smelting of high chrome-bearing PGE concentrates and has acquired extensive process development expertise. Jubilee's first goal is to complete the establishment of commercial ConRoast operations to recover platinum group metals from difficult-to-treat concentrates, residues and tailings. The ConRoast plant is being established at the recently acquired and strategically located ferroalloy smelting facility in Middelburg.

Jubilee's 70%-owned Power Alt (Pty) Ltd, that owns the on-site 11MW gas-fired electricity generation plant in Middelburg, has been awarded a tender to supply 5.1MW of power to the national electricity utility company worth an estimated ZAR12.4 million (GBP970 000 at current exchange rates) in sales, for an initial trial period of four months. The 5.1MW is surplus to current requirements of the Company's Middelburg smelter and more may become available following the review of continued use of older furnaces.

Jubilee's subsidiary company Pollux Investment Holdings (Pty) Ltd (to be renamed Jubilee Tailings Treatment Company (Pty) Ltd) has entered into an agreement with Phokathaba Platinum (Pty) Ltd, a South African subsidiary platinum mining company of Australian Stock Exchange listed Platinum Australia Ltd to toll process the 800,000 tonnes of Dilokong Chrome Mine platinum-bearing tailings using Phokathaba's concentrator on PlatAus's Smokey

Hills mine in the Eastern Bushveld. On 13 June 2012 Jubilee was awarded the right to recover the platinum group metals contained in the Dilokong Tailings.

In Australia, Jubilee is evaluating the recovery of nickel from the tailings of the Leinster mine in Western Australia. The Company has rights through a tailings supply agreement with BHP-Billiton to test and, if appropriate, to process the nickel tailings from BHPB's Leinster mine and conditionally thereafter, from its Kambalda and Mount Keith operations.

Jubilee is dedicated to sustainable and socially responsible development and, as a company, ensures its projects adhere to the highest environmental standards. The Company is also a firm proponent for the role of foreign direct investment as a key form of social development in developing African countries.

Platinum Australia (ASX Code: PLA) owns 70% of the Smokey Hills Platinum Mine which is a shallow underground operation capable of producing up to 80,000oz 4E PGM per annum. Due to prevailing low metal prices the mine was placed on care and maintenance in June 2012. It is currently planned to commence treating chrome tailings through the Smokey Hills processing plant in early 2013 and dependent on metal prices, to restart underground mining operations during the second half of 2013. The mine would be expected to ramp up to a production level of approximately 70,000 oz PGM per annum in 2014.

PLA has two other advanced shallow PGM projects in South Africa, the Rooderand Platinum Project (PLA earning 70% from Atla Mining) and the Kalahari Platinum (PLA earning 49% from ARMplatinum).

Following completion of a positive Pre Feasibility Study, development of the 4 Moz 4E PGM Rooderand Project is planned to commence as soon as a Mining Right is issued, expected in early 2014. Development envisages an initial 10 year life open pit operation, followed by a further 6 years of treatment of low grade ore. This could be followed by a further 7 years of production from underground, producing 120,000 4E PGM ozs per annum.

Following the completion of a positive Definitive Feasibility Study, development of the 6.7 Moz PGM open pit Kalahari Platinum Project it is proposed to make application for a Mining Right in early 2013 with a view to being in a position to commence development in late 2014. The study envisages a production rate of 100,000 ozs PGM per annum.