

# Jubilee Executes Transactional Agreements to acquire Platinum Australia Limited (“PLA”) (“the Transaction”) and detailed cautionary announcement

**25 February 2013**

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Shareholders are referred to previous cautionary announcements released on the Securities Exchange News Service (“SENS”) of the JSE Limited (“JSE”) and through the Regulatory News Service (“RNS”) of the London Stock Exchange (“LSE”), the most recent being on 19 February 2013.

The directors of Jubilee are pleased to announce that Jubilee has executed the Implementation Deed and Supporting Transactional Documents (“Transactional Agreements”) relating to the acquisition of PLA by Jubilee to be effected by way of a scheme of arrangement in terms of Australian law (“Scheme”).

## **HIGHLIGHTS**

The Transaction is a share based transaction whereby Jubilee acquires all of the listed ordinary shares in PLA by offering to current shareholders in PLA one Jubilee share for every 2.593 PLA shares held (“Enlarged Group”).

The Enlarged Group will result in a significant South African platinum group metals producer supported by strong prospects for expansion through the development of its near surface resources.

Jubilee is able to accelerate its Mine to Metals strategy through the Transaction which would include a fully operational platinum mine and processing plant together with Jubilee’s operational smelting operation.

Jubilee’s Mines to Metal strategy will be brought forward, directors believe, by some 18 months and the resultant earlier cash flow will position the Company well to secure further opportunities in the near-term.

The input of Dilokong Chrome Mine tailings will enable the Smokey Hills Platinum Mine (“Smokey Hills”) to be brought back into production at a more modest output rate than previously designed thus extending mine life and ensuring that mine production targets are more achievable.

The Enlarged Group would have exclusive right to the ConRoast smelting process (“ConRoast”), enhancing earnings from its own production and giving access to third party earnings by entering into agreements to utilise ConRoast.

The Enlarged Group has a mission to access platinum-bearing tailings, open up near-surface platinum-bearing chrome deposits and develop smaller less capital intensive mining operations.

The Enlarged Group will have a 63% shareholding in the Tjate project which is amongst the largest undeveloped platinum resources in South Africa.

Pursuant to the Scheme, if implemented, Jubilee will acquire all PLA’s ordinary shares through the issuance of Jubilee shares which new shares (“Scheme Shares”) will be listed on the Australian Stock Exchange (“ASX”) and an application will be made for the shares to be admitted to trading on the AIM market of the LSE and to listing on the JSE Limited.

The Transaction brings together strongly complementary assets forming an enlarged group consisting of operational mining and processing assets and at surface platinum containing chrome tailings and surface stocks, supported by a pipe-line of near surface platinum projects which are all underpinned by the large Tjate platinum project.

The combination of these assets forms a unique platinum group metals producer free of the burden of deep mining operations.

The Transaction offers a relatively unique opportunity to the Jubilee shareholder to acquire a shallow fully operational platinum mine and processing plant, complemented by near surface platinum projects valued at a significant premium to the Transaction value.

Leon Coetzer, CEO of Jubilee Platinum, said: "Jubilee has always been clear on its mission to form a fully integrated Mine to Metals company by combining world class platinum exploration assets with operational mines and refining processes. This Transaction is driven both by the quality of assets that are merged to form such an integrated company as well as the opportunity offered to Jubilee shareholders in acquiring the assets at such favourable terms. The Enlarged Group offers significant value to both Jubilee and PLA shareholders in the formation of a uniquely positioned platinum mining and processing company."

## **Overview on PLA**

PLA is an ASX listed exploration and mining company specialising in platinum group elements. PLA owns 65.75% of Smokey Hills, which is a shallow underground operation capable of producing, at full design capacity, up to 80,000oz 4E PGM per annum. Smokey Hills was placed on care and maintenance in June 2012, due to prevailing low metal prices and pressure on securing further financing. The current South Africa rand platinum price exceeds, by a significant margin, the ruling rand value as at the time of placing the mine under care and maintenance.

As separately announced by Jubilee on 14 December 2012, it is planned to commence treating chrome tailings through the Smokey Hills processing plant in first half of 2013 and if current metal prices prevail, to restart underground mining operations during the second half of 2013. Smokey Hills would be expected to ramp up to a production level of approximately 60,000oz 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 ARM platinum).

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, the issuance of the mining right is subject to a current court interdict requesting the Department of Mineral Resources to review the conditions under which it granted the prospecting right for the property. 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 100,000oz PGM per annum.

## **Rationale for the Transaction**

The Board believes that the combination of Jubilee's exploration assets, tailing retreatments assets, smelting process and current operations and PLA's portfolio of production, near term development and exploration projects would result in a world class platinum group with outstanding prospects in the current platinum arena.

The operations and intended near term operations are relatively unique within the platinum sector as it combines operational assets with shallow near term assets, which are underpinned by the large underground Tjate Platinum mine project.

The Transaction creates an Anglo-Australian-South African platinum metals-to-mining group with the potential to be a significant producer within the industry.

With the exception of Tjate, all of the projects are near term with relatively low capital requirements which the Board believe will enable the Enlarged Group to fund from revenues and profit generated from on-going production.

## Principal terms and conditions of the Transaction

### 3.1 Scheme consideration

In terms of the Scheme it is proposed that Jubilee will, subject to shareholder approval at a general meeting, acquire from eligible PLA shareholders (“Scheme Shareholders”) all of the PLA ordinary shares in issue, other than any PLA ordinary shares already held by it, or by any person on behalf of or for the benefit of Jubilee (“Scheme Shares”). As consideration Scheme Shareholders will receive fully paid Jubilee shares in the form of Jubilee CHESS Depository Interests (“CDIs”), unless a Scheme Shareholder elects to receive Jubilee shares in accordance with the terms of the Implementation Deed (“Scheme Consideration”).

Certain PLA shareholders will be ineligible to receive the Scheme Consideration, namely PLA shareholders whose registered address is a place outside Australia and its external territories, New Zealand, South Africa, United Kingdom, Germany, Switzerland, Hong Kong, Singapore and Panama unless Jubilee and PLA are satisfied that such country of residence permits the issue of Jubilee shares to such PLA shareholder. Such shareholders entitlement will be sold on a financial market on which Jubilee is listed and net cash proceeds paid to each ineligible PLA shareholder.

### 3.2 Funding arrangements

The Transaction is a share based transaction whereby Jubilee acquires all of the listed ordinary shares in PLA by offering current shareholders in PLA, Jubilee shares at a proposed ratio of 1 Jubilee share for every 2.593 PLA shares held. This results in a 64% holding for existing Jubilee shareholders, in the combined assets of the Enlarged Group, before any debt conversion.

Also as part of the Transaction, 50% of current debt held by the senior creditor in PLA will be converted into equity in the Enlarged Group valued at approximately AU\$11.1 million (£7.5 million). This conversion of debt to equity will result in an overall interest of 54.5% for existing Jubilee shareholders in the Enlarged Group. It will also enhance the Enlarged Group’s balance sheet enabling the group to target project financing for the development of its targeted projects.

The Transaction value places a significant discount to the valuation of the PLA assets determined by Independent Expert, Venmyn Deloitte (Pty) Limited, a subsidiary of Deloitte Consulting (Pty) Limited.

In terms of the Transactional Agreements Jubilee will procure project funding for the re-commissioning of Smokey Hills of at least ZAR190 million by the date of the Jubilee shareholder meeting to approve the Transaction. The project funding is targeted at project level leveraging off the enhanced balance sheet of Smokey Hills to minimise dilution of Jubilee shareholders.

### 3.3 Effective date

The effective date for the Transaction will be the effective date of the Scheme, which is anticipated to be the date of Court approval of the Scheme, the final Court date anticipated to be mid-May 2013.

The Company anticipates holding a general meeting of shareholders early May 2013.

### 3.4 Warranties

The Implementation Deed contains warranties, representations and related undertakings, underpinned by disclosure letters, as are normal for a transaction of this nature.

### 3.5 Exclusivity arrangements and break fee

In terms of the Implementation Deed PLA has granted Jubilee standard exclusivity arrangements from the date of signature of the Implementation Deed and ending on the earlier of:

the date on which the Implementation Deed is lawfully terminated in accordance with its terms;

the implementation date, being 10 business days after the Scheme becomes effective; and

30 June 2013.

The exclusivity period may be extended if agreed to by both PLA and Jubilee in writing.

Subject to certain terms and conditions, should either PLA or Jubilee withdraw from the Transaction, such party will be required to pay the other party a break fee in an amount of A\$400 000.

### 3.6 Board appointments

In terms of the Implementation Deed PLA shall be entitled to nominate two individuals to the board of Jubilee, subject to shareholder approval.

### 3.7 Conditions precedent

The implementation of the Transaction is subject to the fulfilment or waiver (where applicable) of, inter alia, the following conditions precedent:

Jubilee shareholders, in general meeting, passing the resolutions necessary to effect the Transaction;

obtaining approval for the Transaction from the South African Competition Commission;

the ASX granting approval for the admission of Jubilee to the Official List and for the Official Quotation of Jubilee CDIs;

execution of the funding agreements in relation to the funding arrangements as described in paragraph 3.1 above;

the Scheme becoming effective; and

obtaining approval from the JSE, AIM and ASX for the listing of the Scheme Shares.

### **Pro forma financial effects**

Jubilee is busy finalising the pro forma financial effects of the Transaction. A further announcement in this regard will be made in due course.

### Categorisation of the Transaction and further documentation

The Transaction constitutes a Category 1 transaction in terms of the JSE Listings Requirements. Accordingly, a circular containing full detail of the Transaction and a notice of general meeting of Jubilee shareholders will be posted to Jubilee shareholders in due course. The general meeting will provide shareholders with the opportunity to consider and, if deemed fit, pass, with or without modification, the ordinary resolutions required to approve and implement the Transaction.

### **Renewal of cautionary announcement**

Jubilee shareholders are advised to continue to exercise caution when dealing in the Company's securities until a further announcement containing the pro forma financial effects is made.

Johannesburg  
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