Operations update

5 December 2013

Jubilee, the AIM-quoted and (JSE Listed) Mine-to-Metals specialist, is pleased to announce an operations update for the third quarter of 2013 - including cash flows, revenues and gross profits, which are continuing to grow, from the Company's Middelburg smelter ("Smelter") operations. The addition of new secured toll smelting contracts for the Smelter operations is expected to further enhance earnings.

In addition, the Company is also announcing an update regarding the proposed acquisition of Platinum Australia Limited ("Platinum Australia" or "PLA"), the sale of the non-platinum assets to Global Renewable Energy ("GRE") and the sale of the Quartzhill property owned by Tjate Platinum Corporation Pty Ltd ("Tjate").

Jubilee Smelting and Refining - Smelter Operations ("JSR")

Unaudited revenue increased by 43% during Q3 2013 compared to Q3 2012 - excluding inter group electricity sales to the Smelter operations

Unaudited gross profit in Rand terms increased by 89% during Q3 2013 when compared to Q3 2012 and gross profit percentage increased by 32% during Q3 2013 when compared to Q3 2012 (refer to the table below)

Jubilee secured a further ferroalloy-smelting contract for ferrosilicon (FeSi) on the back of the successful phase 3 upgrade of the Smelter. FeSi production commenced 5 August 2013

The Smelter's capacity remains fully contracted at a current operational capacity of 10,000 tons of metal per annum

Jubilee has secured a new ferronickel (FeNi) toll smelting contract. This new contract offers an increase in the revenue per ton of metal produced of 17% at the targeted metal production of 9,600 tons of FeNi per annum compared to current production level of 6,240 tons of FeNi per annum under the existing FeNi toll contract

In view of these continued positive developments at the Smelters the Jubilee Board has opted not to offer a further extension to GRE under the executed Sales Agreement - announced on 28 May 2013.

The new FeNi contract extension allows Jubilee to commence with the planned final phase of the upgrade of the Smelter to conclude the smelter infrastructure renewal and the recommissioning of the existing third furnace in order to increase the smelter design capacity to an estimated 13,800 tons of metal per annum.

The estimated £410,000 cost of this final phase will be provided through project funding secured over the projected earnings of the Smelter operations.

With the revenues from new toll smelting contracts, the Smelter operation will be able to sustain revenue growth resulting in positive earnings.

Leon Coetzer, CEO of Jubilee Platinum, said "In response to the downturn in platinum markets, Jubilee refined its short term strategy to leverage off the ConRoast process to secure access to both platinum-containing chrome rich materials that are at or near surface as well as platinum-bearing waste materials at surface.

"Jubilee simultaneously commissioned the Smelter operations targeting the production of ferroalloy metals based on the patented ConRoast process. These operations continue to generate growing cash flows.

"We remain focused on increasing our earnings growth profile with a view to underpinning our Mine-to-Metals strategy. Our rights to the ConRoast process and targeting near or at surface platinum and ferrometal-containing material remain integral to achieving this goal.

“We are delighted by the latest contract wins which highlight the strengths of the Smelter operations and are helping to drive our forward looking strategy. Given the growing returns available we have opted not to offer a further extension to GRE.

“The Smelter operations are generating growing cash flows by targeting the production of ferroalloy metals based on the patented ConRoast process and reductive smelter technologies.

“In addition, the Company has been successful in securing the rights to the recovery of platinum group metals (“PGM’s”) from the surface material at the Dilokong Chrome Mine (“DCM”) - which will further enhance the earnings profile of the Company.

“We continue to engage with companies holding similar assets to the DCM surface material to grow Jubilee’s access to platinum containing material at or near surface. The Company will provide further updates to the market regarding these discussions as soon as it is appropriate. The prevailing market conditions for securing resource funding are providing unusually attractive opportunities which Jubilee is actively pursuing.

“The ConRoast process remains key to unlocking near-term value and we are continually evaluating opportunities that will consolidate its unique application in the industry. We will continue to explore any opportunistic offers that could potentially accelerate our strategy.”

Background to Jubilee’s Smelting and Refining - Smelter Operations

Jubilee acquired JSR in 2009 and increased its holding to 100% of JSR in 2012. Jubilee positioned JSR as a strategic processor of waste and low grade material containing platinum and ferrometals. The smelting recipe used is based on Jubilee’s exclusive ConRoast reductive smelt process. In June 2011 Jubilee commissioned a smelter infrastructure renewable program to both replace out dated smelter processes and turn JSR into a positive earnings company.

The renewable program consists of four phases:-

Phase 1 - Install and commission a new 5MVA continuous plasma ARC furnace (completed)

Phase 2 - Upgrade and expand the metal granulation facility (completed)

Phase 3 - Upgrade the existing 2.2 MVA batch plasma ARC furnace and supporting off-gas systems (completed)

Phase 4 - Upgrade the existing 2.6 MVA batch plasma ARC furnace and supporting off-gas systems (work in progress)

Each phase of the project has been linked to clear targets as listed below and motivated against contracted furnace capacity. To date Phases 1 to 3 have been implemented and achieved the stated targets. JSR has consistently achieved increased revenues with improved gross profit margins through each phase of the program.

Phase 1 - Targeted monthly production of 500 - 550 tons of metal (FeNi) with a gross profit margin of 22%, backed by the FeNi toll smelting contract;

Phase 2 - Increased production specification with reduced re-melting with an improved gross profit margin of 29%;

Phase 3 -Increased targeted monthly production of 650 - 700 tons of metal (Hi target - 500t FeNi and 200t FeSi) with an improved gross profit margin of 34%, backed by the FeSi toll smelting contract; and

Phase 4 - The objective of the increased design furnace capacity is to increase targeted monthly production by 450 metal tons per month which would equate to a plant capacity of 950 - 1,150 tons of metal (Hi target - 850t FeNi and 300t FeSi). If implemented the increased throughput would in time assist in achieving the objective of improved gross profit margins of between 39% and 41% and net profit margin of 15%. This proposed upgrade is supported by the new FeNi toll smelting contract.

The final phase 4 of the renewable program will extend the production output of the Smelter operation to an estimated 13,800 tons of metal per annum. This production increase and infrastructure renewal ensures that the Smelter operation is able to achieve sustained positive earnings with the support of the new toll smelting contracts. The capital expenditure budgeted for the conclusion of Phase 4 is ZAR 6.7million (£0.41 million) and is expected to be completed within 10 weeks of commencement of the upgrade.

JSR is in the process of procuring the funding of this final phase through project funding which will be secured off the projected earnings of the Smelter operations. At the conclusion of phase 4 the Smelter operation will have established itself as a premier smelter of waste material to produce ferrometals based on its patented ConRoast and reductive smelter technologies.

Revenues and gross profit

Below is a table of unaudited external combined revenues for the Smelter operations, cost of sales and gross margins achieved for Q3 2013 compared to Q3 2012.

	Q3 2012	Q3 2012	Q3 2013	Q3 2013	% change ZAR
	ZAR	GBP*	ZAR	GBP*	
Total revenue	11 702 750	896 431	16 727 333	1 080 586	42.94%
Total cost of sales	7 931 383	607 544	9 599 305	620 115	21.03%
Gross Profit	3 771 367	288 887	7 128 028	460 471	89.00%
Gross Profit %	32.23%		42.61%		32.21%

* Average conversion rate is used for the relevant quarter

Disposal of non-platinum assets

The Jubilee Board has concluded that, with the increased production from further toll smelting contracts secured and the resultant improved earnings achieved by the Smelter operation, the Company can no longer prolong the sale of the non-platinum assets and have elected instead to execute phase 4 of the renewable program of the Smelters. The implementation of phase 4 will be accelerated as it offers the final step to achieving sustained positive earnings from the Smelter operations.

Update on the proposed acquisition of PLA

As previously reported, the Company has entered into an implementation deed and supporting transactional documents ("Transaction Agreements") with PLA in relation to the acquisition of the entire issued capital of PLA by Jubilee ("Proposed Transaction"), collectively referred to as the Enlarged Group.

While the Jubilee Board acknowledges and strongly believes that the combination of the assets to form the Enlarged Group offers value to Jubilee shareholders, the increased debt owed by PLA to its senior creditor against a lower than expected platinum metal price requires the Jubilee Board to review the financial structure of the transaction in accordance with the mandate given to the Jubilee Board by its shareholders. Jubilee continues to engage with the parties to find a suitable structure to the benefit of the Jubilee shareholders.

With regard to the processing of Dilokong Chrome Mine tailings (“Tailings”), the Company has requested from PLA, its definitive schedule for recommissioning of PhokaThaba’s Smokey Hills mine concentrator (“Concentrator”). The processing of Tailings at the Concentrator has the potential not only to enhance Jubilee’s short term earnings but also supports potential interim earnings for PLA which makes enhances the overall Proposed Transaction.

Mining and Exploration

Tjate concluded a sale of rights agreement, pursuant to a ZAR75 million (£4.5 million at current exchange rate) cash offer from Rustenburg Platinum Mines Limited a wholly owned subsidiary of Anglo American Platinum Limited (“the Buyer”) for its non-core Quartzhill farm portion of the Tjate Platinum project.

The sale is now subject to the approval of the Department of Mineral Resources (“DMR”) for the rights of Quartzhill to be transferred to the Buyer. Tjate has engaged with the Director of Legal Services at the DMR’s office for assistance with the processing of the transfer of the rights to the Buyer. Tjate and the Buyer are working jointly to expedite the sale. The Quartzhill farm is considered non-core and has no impact on the Tjate mining plan.

Shareholders should note that the financial information contained in this announcement has not been reviewed or audited by the Company's auditors. and has been compiled in compliance with JSE Rules and Listings Requirements.

Contacts

Jubilee Platinum plc

Colin Bird
Tel +44 (0) 20 7584 2155
Leon Coetzer
Tel +27 (0)11 465 1913
Andrew Sarosi
Tel +44 (0) 1752 221937

JSE Sponsor

Sasfin Capital, a division of Sasfin Bank Limited
Sharon Owens
Tel +27 (0) 11 809 7500

NOMAD

finnCap Ltd
Matthew Robinson/Ben Thompson - corporate finance
Joanna Weaving - corporate broking
Tel +44 (0) 20 7220 0500

Bishopsgate Communications Ltd
Nick Rome/Anna Michniewicz
Tel +44 (0) 20 7562 3350