

Operations update

22 May 2013

Jubilee, the AIM-quoted and JSE-listed Mine-to-Metals specialist, is pleased to announce an operations update for the first quarter of 2013 as well as an update regarding the planned acquisition of Platinum Australia Limited ("Platinum Australia" or "PLA").

Financial Highlights

Unaudited quarterly revenues and gross profits continue to grow;

Unaudited revenue increased by 32% during Q1 2013 compared to the previous quarter - excluding electricity sale revenues to the Middelburg smelter operations;

Unaudited gross profit increased by 47% during Q1 2013 compared to the previous quarter.

Operational Highlights

Jubilee increased its interest in Power Alt (Pty) Ltd ("Power Alt") the owners of the Middelburg Smelting Refinery, to 70% in February 2013;

Power Alt extended its existing private power sale contract with the national electricity public utility; and

Ferroalloy smelters operated at approximately 72% of capacity during this period.

Platinum Australia Transactional Update

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;

PhokaThaba Platinum Mine's ("PhokaThaba") proposed business model has been updated to reflect the potential of processing significant quantities of 3rd party material due to the central location of the operation within the Eastern Limb of South Africa's Bushveld Igneous Complex;

Jubilee has received a request for the processing of 3rd party platinum-reef material which equates to the potential toll processing of up to 40,000 tonnes per month of platinum containing material;

Processing of 3rd party material has the potential effect of both significantly reducing the funding required to bring the PhokaThaba mine into full operation as well as funding the majority of the working capital requirement by generating early revenues from the toll processing of 3rd party material;

Jubilee has proposed to update the Transaction Agreement to reflect this option offered to the Enlarged Group; and

The transactional end date has been extended to 31 July 2013 by mutual agreement between Jubilee and PLA, to facilitate the proposed revised terms of the Proposed Transaction.

Leon Coetzer, Chief Executive Officer of Jubilee, said: "Jubilee continues to drive growth in its operations despite the challenging trading conditions. During Q1 of 2013 Jubilee has taken significant strides towards implementing its Mine-to-Metals strategy.

The increases in revenue and gross profit highlight the benefits of our focus on earnings growth. Increased processing rates, growing rates of power sales and the creation of a platinum, exploration, mining, processing and smelting and refining business are key to the continued development of the business.

We have been able to successfully grow the revenues from the Middelburg operation from non platinum bearing material. The processing of non-platinum bearing material remains peripheral to Jubilee's larger platinum focus and has been used as a leverage to install platinum processing capacity in the Eastern Limb of South Africa's Bushveld Igneous Complex. The installed furnace capacity forms a key part of the Dilokong Chrome Mine ("DCM") tailings and PLA's PhokaThaba solution.

The directors believe that the proposed PLA acquisition continues to offer strong value accretion for Jubilee shareholders and the combined assets offer flexibility to operate PhokaThaba both as a primary mining asset as well as a significant processor of 3rd party material due to the central location of the operation. This flexibility adds great strength to the operation and offers the Company options to react to a changing platinum market."

Revenues and gross profit

Unaudited quarterly revenues from the Group's smelting and refining operations and third party electricity sales increased by 32% to ZAR16.4million (GBP1.17 million) (Q1 2013) from ZAR12.4million (GBP0.89 million) (Q4 2012).

The revenues at Group level exclude power plant revenues from electricity generated and sold to the Middelburg Smelting operations, totalling ZAR6.0 million (GBP0.43 million) (Q1 2013) and ZAR6.4 million (GBP0.46 million) (Q4 2012).

Unaudited gross profit increased by 47% to ZAR11.2 million (GBP0.80 million) (Q1 2013) from ZAR 7.6 million (GBP0.54 million) (Q4 2012).

The increase in gross profit is mainly attributable to the increasing third party sales of electricity, generated from the power plant. The Ferroalloy smelters operated at approximately 72% of capacity during this period. Processing of platinum containing concentrates is targeted in line with the commencement of operations at the platinum-bearing DCM tailings project.

The improved performance of the Ferro metals division continues to draw further interest from the Ferro metals industry offering the potential opportunity to Jubilee to disinvest in the future from this noncore activity while retaining and growing its investment in the platinum processing capacity at Middelburg.

Power plant and smelting facility

In Q4 2012, in addition to the electricity used for its smelting, Jubilee became a net seller of electricity to the national electricity public utility.

PowerAlt, a 70% subsidiary of Jubilee, secured the issuance and grant of all applicable regulatory consents and electricity generation licences for selling 10MW of power to the national electricity public utility, an increase from the 5MW currently contracted to the utility. This extension to the contract is valued at ZAR98 million (GBP7 million).

Proposed transaction with PLA

The Proposed Transaction has progressed well with the transaction circular posted to Jubilee shareholders on 26 April 2013, including a notice to Jubilee shareholders to attend a general meeting scheduled for the 28th of May 2013.

The directors believe that the combination of Jubilee and PLA's assets is strongly complementary that allows Jubilee to accelerate its objective of establishing a fully operational mine-to-metals platinum company. The combination of Jubilee's acquired processing rights to platinum-bearing surface material with the fully operable PLA mining and processing assets potentially ensures that the combined entity is able to establish itself as one of the lowest cost producers of platinum concentrates.

The central location of PLA's PhokaThaba Platinum Mine within the Eastern Limb of South Africa's platinum region makes the operation attractive for the processing of 3rd party material in the region. This has the potential to add significant flexibility to the PhokaThaba operation to counter the volatility in the platinum price through increased toll processing. Jubilee has been approached for the processing of 3rd party material in the region that would add to the already approximately 800,000 tonnes of platinum containing DCM tailings adjacent to the PhokaThaba operation. This offers the proposed enlarged Group the option of combining toll processing of 3rd party material with the processing of own material from the PhokaThaba mine allowing a slower mine ramp-up and a significant reduction in the capital required for the mine to reach full operation and thus the required transactional funding. The funding condition as stated in the transactional documentation does not incorporate this potential reduction in funding required and it is proposed that this condition be amended to reflect this option. To this end Jubilee and PLA have agreed to extend the transactional end date to 31 July 2013 to incorporate this proposal.

Platinum-bearing Tailings

The Proposed Transaction with PLA significantly enhances the value of Jubilee's PGM processing rights to DCM's platinum-bearing tailings, of which there are currently an estimated 800,000 tonnes contained on dump at surface. The DCM operation is adjacent to PhokaThaba's mining and processing operation. The Tailings Treatment project requires a processing plant to concentrate the platinum in the DCM tailings, prior to smelting of the resultant platinum concentrate.

Agreement in principle on the processing of DCM tailings has been reached between all stakeholders for the implementation of the chrome recovery agreement in support of the Treatment of Tailings Agreement for PGMs. The chrome recovery agreement is a condition precedent of the Treatment of Tailings Agreement entered into between Jubilee's subsidiary, Pollux Investment Holdings, and CMR. This paves the way to commence with the processing of DCM tailings. As announced in October 2012, Jubilee secured a processing agreement with PhokaThaba to utilise capacity in its processing plant for the recovery of chrome and platinum from the DCM tailings.

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