

Commissioning of 3rd ARC furnace and update on Tjate project

14 April 2014

Jubilee, the AIM-quoted and Altx-listed Mine-to-Metals specialist, is pleased to announce that the commissioning of the 3rd ARC furnace has commenced at its Middelburg smelter operations ("Smelter Operations"). Jubilee is further pleased to announce that the Scoping Report, in regard to the mining right application for Jubilee's targeted 70 million PGM ounces Tjate platinum mining project ("Tjate Project"), has been submitted on schedule to the Department of Mineral Resources ("DMR").

Leon Coetzer, CEO of Jubilee says: "I would like to congratulate our Smelter Operations personnel, engineering contractors and support services for their tremendous team effort to successfully conclude the construction and refurbishment of our 3rd ARC furnace. The project had to contend with very challenging adverse weather conditions but was able to limit this impact through innovative solutions and team work. This phase of our Smelter Operations renewal programme is the final step in establishing a sustainable operation with positive earnings setting Jubilee apart from most of its peers in the emerging platinum mining space. Our focus now intensifies in-line with our stated Company strategy, of bringing into production our access to platinum containing surface material, ultimately to migrate our Smelter Operations onto processing platinum concentrates.

"We continue to drive the mining right application for our world class Tjate platinum project and I am thankful for the support we have received from the DMR in this regard. The sale of Jubilee's non-core Quartzhill property is linked to the conclusion of the mining right application and granting of the mining right. The funds when released from this sale will be used to further develop the Tjate project and towards the funding our surface assets."

Smelter Operations

The commissioning of the 3rd ARC furnace marks the final phase of the 4-phase renewal programme implemented by Jubilee at the Middelburg Smelter over the past two years. The renewal programme's objectives were to expand and upgrade the Smelter Operations to establish a sustainable toll processing operation which is able to deliver positive cash flows to the Smelter Operation on the back of secured smelting contracts. The key commissioning steps of the 3rd ARC furnace to be completed are the electrical and control solution validation followed by the cold (no feed material) mechanical testing of the operations and finally the heating cycle to bring the furnace refractory material upto full operational temperature. The commissioning programme is targeting the first hot metal load for 17 April 2014, subject to the successful conclusion of each commissioning phase.

As reported on 26 March 2014, Jubilee was able to limit the delays caused by the severe weather conditions and record rainfall during the month of March, which lead to flooding of the construction site and the suspension of all construction activities and civil works. Jubilee was able to minimise the impact of these delays by doubling the on-site engineering construction resource complement, extending the working hours to accelerate the smelter building upgrade as well as the construction of the new furnace off-gas capturing systems and the mechanical upgrades to the furnace. This allowed the electrical work, which was on the critical path of the commissioning of the 3rd ARC furnace to be installed in parallel with the construction activities. The Smelter building upgrade that has been included as an extra into the scope of the project was to improve the capacity of the building while ensuring that the operations are better protected from a recurrence of such adverse weather conditions in the future.

As previously announced, sustained increased gross profits together with securing additional toll smelting contracts allowed Jubilee to commence with the 4th and final phase of the Smelter renewal programme, which included the commissioning of the 3rd ARC furnace. The increased smelting capacity is backed by the newly secured FeSi and FeNi toll smelting contracts. The new FeNi contract offers an increase of 17% in the revenue per tonne of FeNi metal produced at the targeted metal production of 9,600 tonnes per annum compared to the current production level of 6,240 tonnes per annum under the current FeNi toll contract.

With the increased, fully contracted smelter capacity of an estimated 13,800 tonnes of metal per annum, the Smelter operation is expected to sustain revenue growth supported by an increase to a targeted 38% in gross profit margins, which would deliver positive Smelter earnings targeting a net margin of 12%.

The direct costs associated with phase 4 of the renewal programme have increased by an estimated GBP0,222 million (ZAR3,9 million) mainly due to the delay in the commissioning of the 3rd ARC furnace and corrective action taken to limit this delay caused by the adverse weather experienced in the region. A further GBP 0,183 million (ZAR 3.2 million) was allocated to the project to upgrade the furnace building and smelter aisle as corrective measures to better protect the operations from similar extreme weather conditions in the future. In order to support the Smelter Operations due to this increased expenditure the Company agreed with selected vendors involved in the conclusion of the renewal programme a settlement in-lieu of services provided to the Smelter Operations by way of the issue of 21,771,454 new Jubilee ordinary shares ("Vendor Shares") at a price of GBP1.86 pence per share (ZAR 32.7 cents) being the volume weighted average price of Jubilee shares traded for the 30 business days prior to 1 April 2014 being the effective date of the agreed settlement .

The Vendor Shares will be issued as fully paid and rank pari passu in all respects with the existing ordinary shares. Application is being made for the Vendor Shares to be admitted to trading on AIM ("Admission") and to be listed on the Altx of the JSE Limited, which is expected to take place on or about 22 April 2014.

Mining and exploration

The Scoping Report in regard to the mining right application for Jubilee's targeted 70 million PGM ounces Tjate Project has been submitted on schedule to the DMR, which brings Tjate a step closer to the granting of a mining right and the conclusion of the sale of its Quartzhill portion of the Tjate Project.

As previously announced on 5 December 2013, Jubilee's subsidiary Tjate Platinum Corporation Pty Ltd concluded a sale of rights agreement, pursuant to which Rustenburg Platinum Mines Limited, a wholly owned subsidiary of Anglo American Platinum Limited, has agreed to acquire the Quartzhill farm portion of the Tjate Platinum project for a cash consideration of GBP4.3 million (ZAR75 million at current exchange rate).

Total voting rights

Following Admission, the Company's issued share capital will total 524 314 942 ordinary shares of 1 pence each. As the Company does not hold any shares in Treasury, this figure may be used by shareholders in the Company as the denominator for their calculations, by which they will determine whether they are required to notify their interest in, or a change to their interest in, the share capital of the Company following Admission.

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