

# Jubilee makes significant progress in Q2 of 2014 and an Issue of Equity

**1 July 2014**

Jubilee, the AIM-quoted and AltX-listed Mine-to-Metals specialist, is pleased to provide a quarterly update for the period ending June 2014.

Highlights for the Quarter ending June 2014

Middelburg Smelter Operations (“Smelter”)

New 3rd ARC furnace commissioned on budget in May 2014

All furnaces remain fully utilised

Middelburg Operations record a Net Profit for May 2014 of ZAR1,33 million (GBP 76, 282) following the conclusion of the Renewal Programme of the Smelter

Middelburg Smelter production grew quarter (Q1 2014) on quarter (Q2 2014) by 47%

Power Alt Pty Ltd (“Power Alt”) awarded an extension to its power contract to provide power to the National Energy Grid of South Africa (“National Grid”) to end March 2015

Dilokong Chrome Mine Tailings (“DCM Tailings”)

800 000 tons of surface tailings containing platinum

Exclusive Access Agreement to DCM Tailings secured

Mining permit application for the processing of the DCM Tailings accepted by the Department of Mineral Resources (“DMR”)

## **Tjate Platinum Project**

Tjate Platinum Corporation Proprietary Limited (“Tjate”) received acceptance of its mining right application from the DMR.

The Company further announces an issuance of shares on behalf of its subsidiaries Braemore Resources Limited (“BRL”), Jubilee Smelting and Refining Proprietary Limited (“JSR”) and Pollux Investment Holdings Proprietary Limited (“Pollux”) in lieu of services provided in concluding the Smelter commercial and operational upgrades, the Access Agreement and progress payments for the DCM Tailings project. A total of 31, 526, 128 new Jubilee shares (“Shares”) will be issued at an average price of 1.55 pence (ZAR 26.94 cents).

Leon Coetzer, CEO of Jubilee says: “Jubilee has made significant advances over the past quarter the most significant of which is the conclusion of the successful smelter upgrade and renewal program that delivered a profitable operation within a month of commissioning paying testament to the success of this strategy.

“The Middelburg operation is further uniquely buffered against smelter interruptions as we are able to seamlessly increase our electricity sales to the National Energy Grid of South Africa during periods of lower power utilisation by the Smelter. This commercial strategy not only plays a significant part in offsetting escalating energy costs but also stabilises revenues during potential future smelter interruptions.

“We are pleased that our mining right application for our Tjate project is progressing towards completion which is key in releasing the cash payment of GBP 4.2 million (ZAR 75 million) for the sale of Quartzhill.

“The DCM tailings project has progressed well with the implementation of the Access Agreement and submission of the application for Mining Permit for the processing of the surface material and recovery of platinum group metals. The design of the new processing plant is well advanced as we drive towards producing our first platinum concentrates for further smelting.”

### **Background to Jubilee’s Smelting and Refining - Smelter Operations**

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

Each phase of the project was linked to clear targets and motivated against contracted furnace capacity. The Smelter has consistently achieved increased revenues with improved gross profit margins through each phase of the program. The objective of Phase 4 was to increase the furnace’s design capacity in order to increase targeted monthly production by 450 metal tons which would equate to a plant capacity of 950 - 1,150 tons of metal. The increased throughput would in time assist in achieving the objective of improved smelting gross profit margins of between 38% and smelting net profit margin of 12%. This proposed upgrade is supported by the new toll smelting contracts secured in the last quarter of 2013.

In addition, the Smelter building was upgraded to improve the capacity of the building while ensuring that the operations are better protected from a recurrence of the damage caused by the severe adverse weather conditions during March 2014. The Middelburg Operations recorded an unaudited net profit of GBP 76, 282 (ZAR 1,33 million) in May 2014 on the back of the commissioning of the new 3rd ARC furnace. At the conclusion of phase 4, the Smelter operation has established itself as a premier smelter of waste material to produce ferrometals based on its patented ConRoast and reductive smelter technologies.

In order to support the working capital of the Smelter Operations and on the back of the successful conclusion of Renewal Programme the Company agreed with selected creditors a settlement in-lieu of goods and services provided to the Smelter Operations.

The Company’s power plant in Middelburg, Power Alt, continues to provide electricity to the National Grid buffering the revenue of the Middelburg operations during any furnace downtime as the power plant seamlessly provides increased electricity sales to the National Grid when the Smelter’s own demand for electricity drops.

### **Mining and Exploration**

#### **Tjate Project**

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. Tjate appointed specialists to conclude the Environmental Management Program as final submission documents towards the conclusion of the mining right application targeted for submission in July 2014.

As previously announced on 5 December 2013, Jubilee’s subsidiary Tjate 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). The farms, including Quartzhill, comprising the Tjate project lie down dip and are contiguous to Anglo Platinum’s Twickenham platinum mine and Impala Platinum’s Marula platinum mine.

## **Dilokong Chrome Mine Tailings**

As announced 9 June 2104, Jubilee's subsidiary, Pollux, executed a Tailings Access Agreement ("Access Agreement") with ASA Metals Proprietary Limited ("ASA") and its subsidiary Dilokong Chrome Mines Proprietary Limited ("DCM"). In terms of this Access Agreement, Jubilee is, inter alia, awarded the exclusive right to access the surface PGM - bearing tailings ("Tailings") on the DCM mine area (the "Mining Area"), and the right to construct, a dedicated chrome and PGM processing plant ("New Processing Plant") on the Mining Area to process the Tailings. In addition, ASA has agreed to give Jubilee access sufficient power and water for the construction and operation of the New Processing Plant.

The Company is in discussions to advance the construction of a purpose designed processing plant not only to treat the Tailings but also for toll processing third-party platinum bearing chrome ore.

As previously announced on 2 October 2013, Jubilee's subsidiary Pollux acquired the sole right to process the PGMs from Corridor Mining Resources Proprietary Limited ("CMR"), for the Tailings ("Treatment of Tailings Agreement"). Further to the acquisition of the rights and the successful conclusion of the Access Agreement, CMR's application for a mining permit to process the tailings was accepted by the DMR. CMR also submitted to the DMR, the Regulation 22 maps locating the areas of the rights. CMR has already embarked on the next phase of the mining permit application which includes the preparation and submission of an Environmental Management Programme by September 2014. Following the acceptance of the mining permit application a further stage payment in lieu of future revenue of ZAR 750, 000 (GBP 43, 128) is payable to CMR with a final balance of ZAR 2 million (GBP 118, 540) as final settlement in lieu of services payable upon acceptance by the DMR of the application for a mining permit.

Application is being made for the Shares to be listed on AltX ("Listing") and admitted to trading on AIM ("Admission") which is expected to occur on or around 7 July 2014.

The Shares will be issued as fully paid and rank pari passu in all respects with the existing ordinary shares.

The total issued share capital of the Company will be 573, 875, 174 shares following the Listing and Admission of the Shares. The Shares will, from the date of allotment and issue, rank pari passu in all respects with the existing ordinary shares in the issued share capital of Jubilee. The Company holds no ordinary shares in treasury.

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.

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