

Middelburg Operations update

20 June 2014

Middelburg Operations cash positive and Power Sale contract extended to take up any surplus power

Jubilee, the AIM-quoted and AltX-listed Mine-to-Metals specialist, is pleased to announce that the Company's Middelburg Operations has achieved its operational and financial targets for May 2014 delivering an unaudited net profit of ZAR 1.33 million (GBP 76 282) which will result in positive cash flow to the Company. This follows the successful commissioning of the 3rd ARC furnace during May 2014 as part of the final phase to the Renewal Programme commissioned by the Company in 2012. This financial result was achieved with the Middelburg Smelters ("Smelter") increasing overall metal production by 45% compared to April 2014. The Company is further pleased to announce that the Private Power Purchase Agreement for the sale of electricity to the South African National Energy Provider utility has been further extended to the end of March 2015 with an escalation in power sale price of 6.4%.

Highlights

Unaudited profit achieved at Middelburg Operations

Production increased by 45% month on month on the back of the commissioning of the 3rd ARC furnace

June 2014 production numbers to date are on target to further improve positive contribution to cash flow

Private Power Purchase Agreement ("PPPA") extended to 31 March 2015 with a 6.4% escalation in electricity sale price awarded to the Company's subsidiary Power Alt Proprietary Limited ("Power Alt")

The extended PPPA is for all surplus electricity generated by Power Alt and has the effect of buffering the revenues generated by the Middelburg operations since a smelter interruption is offset by increased power sales

Leon Coetzer, CEO of Jubilee says: "We are pleased that the Middelburg Operations are delivering on the investment made into the implementation and conclusion of the Middelburg Renewal Programme. The programme was designed to expand the processing capacity of the operations on the back of secured processing contracts while improving overall operational efficiency. The intervention was required to deliver a sustainable operation. The Company will continue to review further optimisation opportunities on the back of the success of the Renewal Programme. Key initiatives currently being evaluated include the potential for further automation to counter the continued labour cost pressures as well as further interventions to utilise better the waste heat for re-use within the various processes.

"The initial financial results of the first month's operation following the conclusion of the Renewal Program at Middelburg, confirms the Company's expectations to sustain revenue growth supported by an increase in gross profit margins to a targeted 38%, which is expected to deliver positive Smelter earnings targeting a net margin of 12%.

"The PPPA between the Company's fully automated Power Alt and the South African National Energy Provider utility has the effect of buffering the revenue of the Middelburg operations during any furnace downtime as the operations seamlessly provides increased power sales to the National Energy Provider when the Smelter's own demand for power drops. This places the Middelburg Operations in a unique position to help to counter both the threat of power outages in South Africa as well as any smelter operational interruptions.

"This positive outcome of the Renewal Programme at the Middelburg Operations enables us now to focus aggressively on our next target, which is to bring into operation the platinum containing Dilokong Chrome Mine surface tailings ("DCM Tailings") in line with the Company's strategy of bringing into production our acquired surface platinum-bearing material and ultimately to migrate our Smelter onto processing platinum concentrates. Negotiations and development towards obtaining a processing plant to treat the DCM tailings are at an advanced stage, with a number of financing options being considered with a view to maximising shareholder value.

“We hope to update the market shortly on the detail of the execution of our platinum-containing chrome tailings project on the back of the successful conclusion of the Tailings Access Agreement announced on the 9 June 2014.

“The Company is further encouraged by a renewed interest in the Company’s patented ConRoast process by the Platinum Sector. This interest is driven by the increasing dependency of the sector on the recovery of platinum from chrome rich UG2 reefs. We are of the firm belief that the proven benefits offered by the established ConRoast process to current producers will continue to drive this interest. “

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