

Operations update

30 January 2014

Jubilee, the AIM-quoted and Altx quoted Mine-to-Metals specialist, is pleased to announce an operations update for the fourth quarter (Q4) of 2013. The Company is also updating shareholders regarding the sale of the Quartzhill property owned by Tjate platinum Corporation Pty Ltd ("Tjate").

Cash flows, revenues and gross profits from the Company's Middelburg smelter ("Smelter") and Power plant operations are continuing to grow,

Positive gross profits will be underpinned by commissioning of the 3rd ARC furnace, which is already fully contracted and on target for March 2014.

The fully contracted smelter capacity of an estimated 13,800 tonnes of metal per annum is expected to increase gross profit margins to a targeted 38%.

Jubilee has commenced discussions with an alternative party to conclude a short term processing strategy for the processing of the DCM tailings to counter the delay in concluding the commencement date with Platinum Australia Ltd ("PLA").

Tjate consulted with the DMR's Limpopo Regional office with a view of fast tracking the review of the sale of the Quartzhill property and the mining right application of the Tjate project.

Leon Coetzer, CEO of Jubilee, said: "As stated in the previous update, Jubilee commissioned the Smelter operations targeting the production of ferroalloy metals based on the patented ConRoast process in response to the downturn in the platinum industry.

"We are pleased with the positive results delivered by continued efforts at the Smelter operation to grow our revenues and attain positive earnings. The growth in the gross profit margin reflects the growth in output and improved operational efficiencies. The last phase of the renewal programme at the Smelters is well on its way and is the last hurdle to achieve positive earnings for the Smelter operations.

"The integration of the various components of the 3rd ARC furnace will result in increased furnace downtime over the next quarter and we do expect lower revenues for the Q1 2014 which will impact our gross margins. This impact will be short lived as the commissioning of the 3rd ARC furnace is targeted for March 2014.

"Once commissioning is complete the ferroalloy smelting contracts that we have in place will underpin the positive earnings capabilities of the Smelter and the power plant. We are continuing to evaluate a number of opportunities that will provide access to additional platinum-bearing material at or near surface - so avoiding undue reliance on tolling of material.

"We can change our Smelter onto platinum material in a very short timeframe - and with the ferroalloy contracts focussed on the quantity processed rather than a specific time frame we are well placed to quickly take advantage of platinum-bearing opportunities."

Smelter

Unaudited revenue in South African Rand (ZAR) terms increased by 48.73% during Q4 2013 compared to Q4 2012 increasing from ZAR 11.9 million in Q4 2012 to ZAR 17.7 million in Q4 2013. The increase in ZAR is partly offset by a strongly weakening ZAR against GBP equating to a 26.47% increase between the comparative quarters in GBP.

Unaudited gross profit in Rand terms increased by 27.41% during Q4 2013 when compared to Q4 2012 maintaining the targeted gross profit margin of 33%. Gross profit maintained the targeted 33% as required for Phase 3 of the smelter renewal programme, as previously announced, allowing Jubilee to commence with the final phase 4 of the

renewal programme which includes the commissioning of a 3rd ARC furnace. The increased smelting capacity is backed by the newly secured ferroalloy smelting contracts (announced on 05 December 2013).

Projected time-lines for completion and commissioning of the 3rd ARC furnace is on target for March 2014 with work well advanced on the new off-gas system and upgraded hot metal crane isle to accommodate the increased metal production. Items on the critical path remain the integration of the new off-gas systems, the electrical transformer for the ARC furnace and the refractory material required for the lining of the furnace.

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 in gross profit margins to a targeted 38%, which would deliver positive Smelter earnings targeting a net margin of 12%.

Upgrade of 3rd ARC Furnace

Engineering work commenced mid December 2013 on upgrading of Middelburg's 3rd ARC furnace as part of the final Phase 4 of the renewable programme (previously announced on 5 December 2013). Major items have been ordered with the outstanding item being the refurbishment of the transformer for which the quotation is expected shortly.

Key work streams include the installation and commissioning of the new furnace off-gas capturing and cleaning system, the upgrade of the crange in the hot metal isle and the refurbishment and commissioning of the furnace bowl and auxiliary equipment.

The completion of phase 4 is expected to extend the production output of the Smelter to an estimated 13,800 tonnes of metal per annum. This production increase and infrastructure renewal should enable the Smelter 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 ZAR6.7 million (£0.41 million) and completion is expected to occur during or about March 2014.

The Company expects that 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.

Power Alt

Jubilee's private power plant continued to deliver excess power to the national grid while maintaining power supply to smelter operations. The 12-month contract with the national energy provider of South Africa to sell electricity expired end December 2013. Renewal of the contract, which was conditionally agreed, has been delayed due to the national energy provider having to critically review its energy purchasing agreements with the private sector in order to address the on-going national energy deficit crisis. The Company expects this review to be resolved shortly driven by the acute need for additional power.

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 Q4 2013 compared to Q4 2012.

	Q4 2013	Q4 2013	Q4 2012	Q4 2012	% change ZAR
	ZAR	GBP*	ZAR	GBP*	
Total revenue	17 667 049	1 074 157	11 878 681	849 326	48.73%
Total cost of sales	11 854 869	720 776	7 316 756	523 148	62.02%
Gross Profit	5 812 180	353 381	4 561 925	326 178	27.41%

* Average conversion rate is used for the relevant quarter

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. While Jubilee continues to engage with the parties to find a suitable structure to the benefit of the Jubilee shareholders, it recognises that the longer the proposed transaction takes to conclude, the merger is exposed to increased debt, the deal becomes less advantageous to both Jubilee and PLA shareholders and the project is in danger of becoming moribund.

With regard to the processing of Dilokong Chrome Mine tailings ("Tailings"), the Company continues to request PLA, to provide in terms of the Chrome Tailings Treatment Agreement its definitive schedule for re-commissioning of PhokaThaba's Smokey Hills mine concentrator ("Concentrator"). The Company has commenced engaging with an alternative party to conclude a short term processing strategy for the processing of the DCM tailings and will provide further details on this strategy as soon as possible. This remains as a key focus for the Company. The processing of Tailings has the potential of significantly enhancing Jubilee's short-term earnings and to establish Jubilee as a fully operational platinum producing company and will continue to be aggressively pursued by the company.

Mining and Exploration

As previously announced on 5 December 2013 Tjate concluded a sale of rights agreement, pursuant to a ZAR75 million approximately (£4.2 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 subject to the approval of the Department of Mineral Resources ("DMR").

Following Tjate's engagement with the DMR Director of Legal Services (previously announced on 5 December 2013) for guidance on the process to effect the transfer of the rights to the Buyer, Tjate consulted with the DMR's Limpopo Regional office in this regard and agreed on procedural guidelines, fast tracking the review of the Quartzhill sale and the mining right application of the Tjate project.

Tjate, the DMR's office and the Buyer are working jointly to expedite this process. 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.

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