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Platinum Projects quarterly update

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Jubilee Platinum PLC
("Jubilee" or "Company")

Platinum Projects quarterly update

Mine-to-Metals specialist Jubilee Platinum plc (AIM: JLP, AltX: JBL) is pleased to provide, on behalf of its subsidiary, Jubilee Tailings Treatment Company Pty Ltd ("JTTC"), a quarterly performance, operational and financial update of its chrome recovery section of the Dilokong Chrome mine tailings project ("DCM Tailings" or "DCM Project") for Q3 2016 as well as a project update for the platinum processing project at Herculite Ferrochrome Pty Ltd ("Herculite").

Highlights

DCM Project

- Chromite concentrate production up **88.04%** to 28 559 tons for Q3 2016 compared with Q2 2016
- Project revenue generated from chromite concentrate sales up **108.22%** to GBP 2.09 million (ZAR 37.36 million, 95.23% increase) for the Q3 2016 compared with Q2 2016
- Chromite project earnings up **108.13%** to GBP 1.55 million (ZAR 27.7 million, 95.05% increase) for Q3 2016 compared to Q2 2016
- Earnings attributable to Jubilee for Q3 2016 from chromite concentrate production up **94.73%** to GBP 0.888 million (ZAR 15.89 million, 82.41% increase) compared with Q2 2016
- Platinum processing review completed with preferred option combining on-site upgrading of platinum content of the material to approximately double the in-situ value prior to toll processing the platinum rich feed material

Herculite Project

- Construction of the 660 000 tons per annum platinum and chromite processing plant continues to progress to schedule targeting commencement of commissioning in December 2016
- Project Capital expenditure to end of September 2016 of GBP 7.45 million (ZAR 137.6 million) equivalent of 71% of total projected capital. This is commensurate with the percentage project completion

Leon Coetzer, Chief Executive commented:

"The operating results are very satisfactory and show increasing performance quarter on quarter which is reflected in our financial performance. The results are also a complement to our technical team who have responded to numerous challenges in a positive way to achieve these results. The consistency and reliability of our operating team augers well for the Herculite project when it commences its build up to full commercial production.

The construction of the Heric project remains on schedule and shareholders are invited to view the project pictures that are updated on our website. The pictures clearly capture the process hardware that has been installed and indicates the significant progress made as the project nears the completion of the construction phase (Phase 2 below).

The Company continues to actively pursue projects consistent with our stated mission to increase cash flow and enhance shareholder value. We are confident that we will shortly conclude a further acquisition with discussions progressing favourably in other areas of acquisition and joint venture."

DCM OPERATIONAL AND FINANCIAL PERFORMANCE

	Chromite concentrate tons produced	Project revenue (GBP'000)	Project revenue (ZAR'000)	Project earnings (GBP'000)	Project earnings (ZAR'000)	Jubilee attributable project earnings (GBP'000)	Jubilee attributable project earnings (ZAR'000)
Q2 2016 (May, June 2016)	15 188	1,002	19,137	744	14,203	456	8,710
Q3 2016 (July, August, September 2016)	28 559	2 086	37 360	1 548	27 702	888	15 887
% change Q2 on Q3	88.04%	108.22%	95.23%	108.13%	95.05%	94.73%	82.41%
YTD since start of project in May 2016	43 747	3 088	56 497	2 291	41 905	1 344	24 597

The DCM chromite recovery process from surface tailings alone has reached full operational stability. As announced previously further increases in operational throughput requires the expansion of the new tailings, post chromite removal, storage facility. The expansion of the facility has commenced. Production throughput will be constrained during the construction phase but will be restored shortly after the completion of the expanded tailings storage facility. All chromite production to date at DCM continues to be from the processing of surface tailings alone. Stated Project earnings are net of operational cost and cost of chromite concentrate sales.

The platinum processing option study has been concluded with the study including the review of numerous processing strategies for the recovery of the platinum from the chrome tailings material. The options studied included on-site trials to evaluate technical solutions for upgrading the platinum content in the chrome tailings prior to either toll processing of concentrated platinum material or further on-site processing of the material in-line with the much larger Heric project. Both laboratory and commercial trials were run to test the various scenarios and to determine the optimal commercial solution for Jubilee.

The outcome of the trials indicated that the optimal strategy will be the combination of on-site upgrading of the platinum material approximately doubling the in-situ platinum content of the material to produce a high grade platinum feed concentrate, prior to toll processing the upgraded material to produce a final grade platinum concentrate. This strategy would provide both the benefits of lower committed capital as well as expediency in executing the strategy. Jubilee has engaged with a potential toll processor to conclude a commercial arrangement on this basis.

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About ASA

Pollux Investment Holdings Pty Ltd ("Pollux"), a wholly owned subsidiary of Jubilee, holds the exclusive rights to beneficiate the platinum group metals ("PGM's") from the platinum-containing surface material at ASA Metals Proprietary Limited ("ASA") ("DCM Platinum Project, Processing Agreement").

The Company has targeted the construction of a New Processing Plant for the recovery of chrome and PGMs capable of processing up to 35 000 tons of surface material per month. The Company executed an addendum to the Processing Agreement ("Addendum"), whereby the Company is incentivised to accelerate the construction and commissioning of the New Processing Plant by targeting commencement of commissioning of the front end of the New Processing Plant early 2016. The Addendum significantly enhances and expedites the projected profitability of the project since both the chrome concentrate and platinum containing concentrate will now contribute to the overall profitability of the DCM Platinum Project. The Project is the first of the Company's Platinum Projects.

About the Heric Project

Heric Ferrochrome Proprietary Limited ("Heric") is the world's 4th largest integrated ferrochrome producer with an estimated 3 million tons of platinum containing material at surface while Heric continues to add further material to the surface stock.

The Company was selected as the exclusive party to beneficiate the chromite and PGMs contained in the Heric Surface Material ("the Project") and address the project execution methodology as well as the operational and financial performance targets. The Project is the second of the Company's Two Projects.

The Heric Surface Material has been independently fully drilled and assayed for chrome and PGM content. This has resulted in an independent resource statement of 1.7 million tons, of which approximately 90% of the resource is classified in the measured category under the internationally recognised SAMREC code. Heric also has access to secondary surface stocks, which it has internally identified and could increase the surface stocks to in excess of 3 million tons through further drilling programmes. The Project is estimated to contain total PGMs in excess of 224 000 (3PGM + Au) oz.

The Project will be the largest PGM beneficiation plant of surface chrome tailings in South Africa and is capable of producing annual revenues of GBP 18.2 million (ZAR 400 million) at an average metal basket price of USD 906 per (3PGM + Au) per oz. The financial and operational risks of the Project are significantly mitigated since the material is already at surface and requires neither the cost nor the risk associated with mining.

An extensive prefeasibility study has been concluded on the Project, which included both pilot scale and full commercial scale trials to confirm the design and operational parameters.

The Project is to be undertaken in four phases over an 11 month period; namely

- ü Phase one - Bankable Feasibility Study and Engineering Design. -- Completed.
- ü Phase two - Construction of the chrome and platinum processing plant ("Processing Plant"). -- On-going
- ü Phase three - Commissioning and Ramp up of Processing Plant to design capacity of 55 000 tons per month.
- ü Phase Four - Stable operation of the Processing Plant.

The Company has targeted a combined processing of platinum containing surface material over the two projects in excess of 900 000 tons per annum.

The ZAR-based debt funding for both surface projects equates to GBP 11.5 million (ZAR 255 million) before financing costs. The working capital required to bring the two surface projects into operation and to achieve positive earnings is estimated at GBP 3.4 million (ZAR 75 million).

This information is provided by RNS
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