



[Jubilee Platinum PLC](#) - JLP

Platinum Projects update

Released 07:00 18-Aug-2016



RNS Number : 4855H
Jubilee Platinum PLC
18 August 2016

Registration number (4459850)
AltX share code: JBL
AIM share code: JLP
ISIN: GB0031852162

18 Aug 2016

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

Platinum Projects 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 performance, operational and financial update of its chrome recovery section of the Dilokong Chrome mine tailings project ("DCM Tailings" or "DCM Project") and a progress update on the Hernic PGM-bearing chrome tailings project ("Hernic Project").

Highlights

- Chromite concentrate production of the **DCM Project** up **29 %** to 9 670 tons in the month of July 2016 compared with June 2016
- Project revenue from the sale of chromite concentrate for the month of July 2016 up **33%** to GBP 0.692 million (ZAR 12.1 million) compared with the month of June 2016
- Chromite project earnings from chromite concentrate for the month of July 2016 up **46%** to GBP 0.520 million (ZAR 9.075 million) compared with the month of June 2016
- Earnings attributable to Jubilee for the month of July 2016 from chromite concentrate production up **30%** to GBP 0.293 million (ZAR 5.114 million) compared with the month of June 2016
- Since the start of the project in April 2016, project revenue of GBP 1.69 million (ZAR31.2 million) generated from chromite concentrate sales
- Since the start of the project in April 2016, project earnings of GBP 1.26 million (ZAR23.28 million) generated from chromite concentrate sales
- Upgraded platinum values in surface material after chromite removal continue to exceed design expectations further increasing expected saleable value of the contained platinum concentrate
- Jubilee is concluding the audit of the operational readiness at an existing platinum operation and is scheduling a full scale commercial trial, which forms part of the option study for toll processing as an alternative to building its own platinum plant at DCM. This option potentially offers significant project upside
- Construction at the **Hernic Project** 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 on the Hernic Project to date of GBP 6.2 million (ZAR 108.1 million) equivalent of 55% of total estimated Project Capital which is commensurate with the percentage project completion

Leon Coetzer, Chief Executive commented:

"Increased production month to month is very encouraging for the Company and endorses previous decisions to focus on chrome and platinum. The enriched platinum material stock pile continues to grow and we are progressing options to turn stockpile to cash.

I am pleased with the progress at Heric where construction is on schedule and on budget. Looking back at the years' work and results I am encouraged by our team's commitment and skills and am looking forward to taking full advantage of the current position and the opportunities presented to us. "

Overview

The DCM Project has continued to outperform the original design numbers both in terms of revenue and earnings from chromite concentrate sales as well as operational performance. The month of July has shown further improvements in operational performance which has more than offset the slight drop in the saleable value per ton of chromite produced. The Company continues to process only current surface material at DCM and have not commenced with the processing of 3d party ore which offers the potential to significantly further enhance the operational performance numbers. The enrichment of the platinum material which is produced by recovering chromite from the surface material and rejecting low value waste, continues to exceed our projections due to the high operational efficiencies maintained at DCM. The enriched platinum material continues to be stockpiled at DCM pending the outcome of the platinum processing option study.

The option study which focusses on toll processing as an alternative to building the Company's own platinum plant at DCM will be concluded shortly. At present the Company's engineers are completing an operational readiness audit of a target platinum recovery plant to establish final time lines and required working capital. A full scale commercial trial of the enriched platinum material as a final test to confirm modelled financial numbers are also being scheduled. If the option study proves successful there will be no need to build a dedicated platinum plant and platinum revenues will be received at least one year earlier.

The Heric project is in full execution mode with construction progress of the platinum and chromite recovery plants illustrated by continually updated project pictures on our website. The month of August and September 2016 will show accelerated visual progress on site, as the large platinum flotation units are being positioned onto the completed civil structures.

DCM OPERATIONAL AND FINANCIAL PERFORMANCE

	Chromite concentrate 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)
July 2016	9 670	692	12 100	520	9 075	293	5 114
June 2016	7 480	519	9 905	356	6 793	226	4 315
% change month on month	29%	33%	22%	46%	34%	30%	19%
Q2 2016 (May, June 2016)	15 188	1,002	19,137	744	14,203	456	8,710
YTD	24 927	1 671	31 218	1 263	23 278	749	13 824

July 2016 production showed significant improvement from the stable production levels reached in June 2016 with an increase in production of saleable chromite concentrate of 29% reaching a new monthly high of 9 670 tons. All chromite production to date at DCM is from the processing of platinum and chrome containing surface tailings alone. Stated Project earnings is net of operational cost and cost of chromite concentrate sales.

The saleable chromite concentrate price in ZAR terms reduced in July 2016 due to the strengthening of the ZAR against the US dollar and other major currencies. Jubilee was able to offset this drop in the ZAR chromite concentrate price by improved operational efficiencies as illustrated by the increased production rate for July 2016. The operational cost at DCM is incurred in ZAR.

Disposal of Middelburg operations

The Company announced in February 2016 an update on the final payment due to the Company regarding the disposal of 100% of the issued shares in Jubilee Smelting and Refining Proprietary Limited ("JSR"), and 70% of the issued shares in Power Alt Proprietary Limited ("PA") ("Disposal"), to Siyanda Resources Proprietary Limited ("Siyanda") through its newly named nominated special purpose vehicle Hornbill Investments Proprietary Limited ("SPV"). As stated previously 10% of the remaining 15% of the purchase consideration is held in escrow with an approximated amount of GBP0.510 million (ZAR8.9 million), net of closing adjustments including stock and supplier adjustments. This amount was due by the SPV to Jubilee following the expiry of the first warranty period on 31 December 2015 (90 days after the closing date of 30 September 2015). Payment has however not yet been made. Release of this escrow amount to the Company has been frustrated by an unsubstantiated warranty claim submitted by the SPV. The Company has informed the SPV that it rejects the legitimacy of such a claim and will take all necessary steps to ensure the release of the escrow amount due to the Company. We will continue to update shareholders on progress made.

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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. This target has been achieved. 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 total Project is estimated to contain PGM ounces 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) 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

1. Phase one - Bankable Feasibility Study and Engineering Design. -- Completed.
2. Phase two - Construction of the chrome and platinum processing plant ("Processing Plant"). -- On-going
3. Phase three - Commissioning and Ramp up of Processing Plant to design capacity of 55 000 tons per month.
4. 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.

This information is provided by RNS

The company news service from the London Stock Exchange

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