

**Jubilee Platinum PLC 91p Speculative Buy**

Sector

Mining

Date of previous note

19<sup>th</sup> August 2003

Previous recommendation

Highly Speculative Buy

Results date

7<sup>th</sup> November 2007

**Jubilee is rapidly progressing its 48% owned Tjate platinum group metals (PGM) project in South Africa. Tjate is located in the Eastern Limb of the Bushveld Complex, close to existing operating PGM mines and smelters. The recent placing, which raised £11.25m, will fund a Bankable Feasibility Study. Assuming £16.25m of cash, and 48% of the postulated 65 Million ounces of so called 4E resources (platinum, palladium, rhodium and gold) that the company expects to outline; Jubilee's estimated enterprise value is £2.25/oz. This is potentially a significant discount to recent transactions such as Xstrata's (XTA) acquisition of Eland Platinum (£22.5/oz), and a post Bankable Feasibility Study estimate of £45/oz for the industry.**

**With further exploration results expected the shares are undervalued. Speculative Buy.**

Analyst

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Report date

8<sup>th</sup> November 2007

Year end June	Admin £000's	After tax loss £000's	Minorities £000's	Net loss £000's	EPS (p)	PE times
2006A	(945)	(738)	122	(617)	NM	NM
2007E	(1,890)	(1,749)	78	(1,671)	NM	NM
2008E	(3,100)	(2,850)	100	(2,750)	NM	NM

Source data: Company announcements and Hoodless Brennan forecasts

Key Data

AIM Ticker .....JLP

Broker..... Investec Bank UK

Website

[www.jubileeplatinum.com](http://www.jubileeplatinum.com)

Year High/Low 127.5p/60.5p

No. of Shares .....92.840m

Mkt. Cap.....£84.5m

Results March 2008 Interims

NMS ..... 10,000

Bid/Offer ..... 90p/92p (2.2%)

Screen Size .....10,000

No of Market Makers.....5

Although yet to confirm SAMREC Compliant Resources, Jubilee has recently announced a optimisation review which modelled base case production of 200,000 tonnes per month from 47 million tonnes of resources grading 5 grammes per tonne (g/t) 4E, 0.22% nickel and 0.13% copper. Using an assumed capital cost of US\$470m, the company calculated an Internal Rate of Return of 22% and a Net Present Value of \$800m. Production would amount to over 300,000oz of 4E per annum.

Recent drill results showed an intersection of almost 11 g/t 4E, 0.33% nickel and 0.23% copper, over an apparent 2.21 metres thickness in the Main Merensky Reef, while in the underlying contiguous Footwall 9.12 g/t 4E, 0.28% nickel and 0.16% copper over 2.15 metres was recorded. At current prices some of these interceptions have a gross mineral value of around \$500/t. In addition the underlying UG2 Chromite Reef is also mineralised with economic values approaching \$300/t.

**Strengths**

- Bankable Feasibility Study fully funded. If able to confirm attributable resources of 31.2 Moz of 4E, Jubilee potentially valued at a considerable discount to the sector.
- Recent exploration results have indicated increasing thicknesses of reef and higher grades. Further exploration results expected.
- Strong Management team.

**Weaknesses**

- PGM mines expensive to develop and have long lead times. First production unlikely before the end of 2010.
- Recent reef mining fatalities in South Africa may raise costs as the authorities clamp down on safety issues.
- Black Economic Empowerment deal not completely finalised.

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**Profit and Loss**

Year to June £000's	2006A	2007A	2008E
Admin Expenses	(945)	(1,890)	(3,100)
Net interest	232	174	250
Associates	(25)	(33)	-
After tax loss	(738)	(1,749)	(2,850)
Minorities	122	78	100
Net loss	(617)	(1,671)	(2,850)

**Balance Sheet**

Year to June £000's	2006A	2007E	2008E
Exploration assets	3,969	5,344	8,844
Plant	52	56	60
Associates	2,620	2,393	2,000
Receivables	537	7,705	500
Cash	4,668	7,498	16,912
Convertible	(1,500)	-	-
Payables	(156)	(3,341)	(500)
Net Assets	10,190	19,655	27,816

**Cash Flow**

Year to June £000's	2006A	2007E	2008E
Admin	(945)	(1,890)	(3,100)
Depreciation	10	25	25
Exploration w/o	235	220	100
Debtors	(357)	-	7,205
Creditors	6	11	(2,841)
Share Payments	183	453	450
Interest	232	174	250
Loan movements	1,500	(903)	-
Exploration	(1,126)	(574)	(3,500)
Fixed Assets	(14)	(35)	(25)
Share issues	264	5,424	11,250
Opening cash	4,635	4,668	7,498
Closing cash	4,668	7,498	16,912
Cash movement	33	2,827	9,414

**Board of Directors**

Name	Position held
Malcolm Burne	Non-Executive Chairman
Colin Bird	Chief Executive
Andrew Sarosi	Technical Director
Chris Molefe	Non-Executive Director

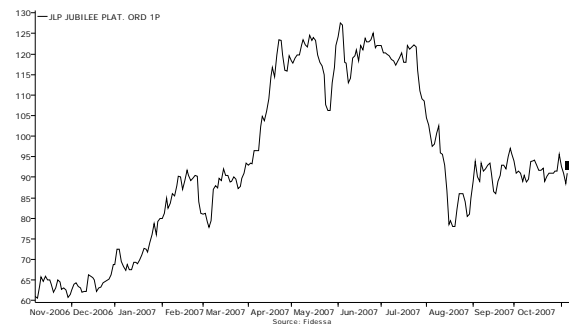
**Key Events**

Date	Event
7 <sup>th</sup> November 2007	13m shares placed at 89p.
19 <sup>th</sup> July 2007	Increases Tjate interest to 48.72%.
4 <sup>th</sup> May 2007	1.662m shares placed in South Africa at 114p.
29 <sup>th</sup> March 2007	1.9m Shares placed in South Africa at 91.1p.
7 <sup>th</sup> December 2006	Admitted to the Johannesburg Stock Exchange.
31 <sup>st</sup> July 2007	Originally admitted to AIM at 16p.

**Financial Calendar**

Date	Event
June	Year End
September 2008	Finals
March 2008	Interims

**Share Price Chart**



**Major Shareholders**

Shareholder	%
Ambrian Capital	12.30
JP Morgan	10.02
Fidelity	9.94
Framlington	5.96
Colin Bird	4.19
Artemis	3.91
Fiske	3.47

Source data: Company announcements and Hoodless Brennan forecasts. Shareholder list is that pertaining before recent placing.

Activities: Platinum Group Metals exploration in South Africa.

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**Jubilee Platinum Plc                      Relevant disclosures: None Applicable**

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