



[Jubilee Metals Group PLC](#) - JLP

Quarterly Operations Update

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Jubilee Metals Group Plc
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("Jubilee" or "the Company")

Quarterly Operations Update

Jubilee is pleased to announce an operations update for its metals recovery division, Jubilee Processing Proprietary Limited ("JPL") for Q4 2017.

Highlights

- Hernic operational earnings increased 94 % to **GBP 0.97 million** (ZAR 17.47 million) (Q3 2017: GBP 0.50 million (ZAR 8.60 million))
- Hernic unit cost per PGM ounce produced reduced to **USD 382** (Q3 2017: USD 476)
- Hernic PGM¹ production up 31 % to 3 755 ounces (Q3 2017: 2 874 ounces)
- Hernic project revenue up 33 % to **GBP 2.05 million** (ZAR 37.01 million) (Q3 2017: GBP 1.54 million (ZAR 26.58 million))
- JPL operations revenue up 24 % to **GBP 3.30 million** (ZAR 59.87 million) (Q3 2017: GBP 2.67 million (ZAR 46.11 million))
- JPL operations earnings up 43 % to **GBP 1.22 million** (ZAR 22.12 million) (Q3 2017: GBP 0.85 million (ZAR 14.73 million))

1 = Platinum Group Metals (6E platinum, palladium, rhodium, iridium, osmium, and gold)

Leon Coetzer, Chief Executive commented:

"The Jubilee team has delivered an exceptional performance despite the traditional operational slowdown over the festive period.

Our Hernic operation has continued to deliver significant operational improvements quarter on quarter, this despite the budgeted increased maintenance and operational slow down over the festive period.

We have implemented necessary process upgrades at our DCM operations to allow for a more flexible operation to expand the processing of 3rd party material. We will also be implementing operational efficiency enhancements developed by our in-house technical teams. I look forward to rolling-out these enhancements across our project portfolio.

Our due diligence on the Kabwe project is progressing well with the second round of leach tests concluded, which have confirmed the high recoverability of the lead, zinc and vanadium contained in the surface resource. I expect to receive the metal refining results shortly and then to be in a position to conclude our way forward on the project."

HERNIC OVERVIEW

The Hernic operations performance continued to improve significantly quarter on quarter despite the extended plant maintenance and operational slow down during the festive period.

The Q4 2017 data shows a further sharp increase in project earnings coupled with a drop in unit cost to below the USD400 per PGM ounce making the Hernic project one of the lowest cost platinum producers in the industry.

The overall debt incurred towards the construction and commissioning of the Hernic project has, to date, reduced to GBP 2.10 million (68 % reduction).

The table below presents the comparative quarterly performance of the Hernic operation for 2017:

	Tailings processed tonnes	PGM ounces delivered	Project revenue ¹ (GBP'000)	Project revenue ² (ZAR'000)	Project earnings ³ (GBP'000)	Project earnings (ZAR'000)	Jubilee attributable earnings (GBP'000)	Jubilee attributable earnings (ZAR'000)	Unit cost / PGM oz (USD)
Total Q2 2017	80 828	808	459	7.604	(110)	(1.928)	(110)	(1.928)	901
Total Q3 2017	105 673	2 874	1.539	26.581	496	8.592	496	8.592	476
Total Q4 2017	121 644	3 755	2.047	37.011	965	17.466	965	17.466	382
Total 2017	308 145	7 437	4.045	71.196	1.351	24.130	1.351	24.130	475

Project Summary	Revenue / PGM oz (USD)	Unit cost / PGM oz (USD)	Earnings / PGM oz (USD)
Q4 2017	724	382	342

1= Revenue from the current project phase - 100% attributable to Jubilee until full capital recovery. Revenue is projected based on latest average PGM market prices and USD exchange rates and results are only final once final Quotational Period has passed

2= Average monthly conversion rates used

3= Project Earnings include all incurred operational costs including management services and mineral royalties

DCM overview

The DCM operational performance was affected by a significant plant upgrade of the chrome recovery circuit. The plant upgrade was both to further increase the operational flexibility of the chrome recovery circuit as well as to increase the crushing capacity for the processing of 3rd party run-of-mine material ("ROM"). The improved processing flexibility was required to compensate for the increased feed variance introduced by the processing of 3rd party ROM. The chrome processing plant upgrades interrupted processing of the ROM material for approximately 8 weeks before resuming in January 2018.

The new fully commissioned crushing capacity now offers DCM the opportunity to process a wider variety of feed material without sacrificing overall plant throughput.

A further processing upgrade to enhance the recovery of very fine chrome from tailings will be implemented during Q1 2018. This process upgrade was developed and tested by Jubilee's internal process development arm and holds significant business benefits for the wider Jubilee tailings retreatment projects. The process enhancements are expected to significantly improve the overall recovery of chrome from tailings.

Project earnings numbers for Q4 exclude project related capital costs (previously expensed through the operating cost and now capitalised by DCM) as per the updated contractual relationship with DCM. Despite the plant upgrades, project earnings from chrome for Q4 2017 remained positive. Jubilee's reduced attributable earnings reflect the interruption in the processing of 3rd party ROM.

The table below presents the operational quarterly performance of the DCM operation for 2017:

	Chromite concentrate produced tonnes	Project revenue (GBP'000)	Project revenue ¹ (ZAR'000)	Project earnings ² (GBP'000)	Project earnings (ZAR'000)	Jubilee attributable earnings (GBP'000)	Jubilee attributable earnings (ZAR'000)	Jubilee working capital loan repayments received (GBP'000)	Jubilee working capital loan repayments received (ZAR'000)
Total Q1 2017	14 973	3.372	55.223	2.407	39.400	408	6.664	-	-
Total Q2 2017	17 659	1.348	22.731	386	6.504	399	6.727	175	3.334
Total Q3 2017	15 134	1.129	19.526	184	3.173	356	6.139	-	-
Total Q4 2017	11 788	1.254	22.858	508	9.307	254	4.654	-	-
Total 2017	59 554	7.103	120.338	3.485	58.384	1.417	24.184	175	3.334

1= Average monthly conversion rates used

2 = Project earnings include project expenditure on plant and equipment

Project Pipe-Line

Jubilee continues to refine its project execution schedule for the various pipe-line surface processing projects. These pipe-line projects offer significant growth potential in the short term (2 years) and we continue to actively pursue further opportunities.

DCM Platinum Project

Jubilee conducted an in depth review for the recovery of platinum at DCM. The review included several pilot and full commercial size trials to evaluate the possible joint venturing ("JV") with neighbouring platinum producers to benefit from their existing infrastructure. Jubilee was unable to reach a commercially acceptable agreement with the potential JV partners. Jubilee has concluded that a dedicated process plant for Dilokong is the optimal commercial strategy and will target to commence execution of the project during Q2 2018 depending on regulatory approvals to commence construction. A processing plant targeting approximately 10 000 PGM ounces per annum is envisaged. Funding for the project will be secured via the existing project debt funding agreement that Jubilee secured with Riverfort Capital and Jubilee's current cash position.

Kabwe Project

The Company's on-going due diligence of the Kabwe project has confirmed our understanding of the significant size and quality of the various surface assets. We have completed further metal recovery trials, which again confirmed the leachability of the zinc, lead and the vanadium. Our final circuit trials are focussing on the refining of the leached metals, which we expect to conclude over the next two weeks, in order to confirm the refining processing strategy. We are working with the BMR team to establish the optimal recovery route for extracting the metals both from a commercial perspective as well as in an environmentally responsible manner.

PlatCro Platinum Project

Jubilee is currently engaged in the PlatCro option study. Similar to the DCM study, the option study includes laboratory and pilot plant trials. The final round of the plant trials has been concluded with results expected in the short term.

Jubilee looks forward to updating its shareholders on the execution time-lines for these exciting projects.

30 January 2018

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

The financial information in this announcement is unaudited.

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