



[Jubilee Metals Group PLC](#) - JLP

Quarterly Operations Update Q2 2018

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

Quarterly Operations Update
Q2 2018

Projects Highlights

- Hernic operational earnings increased 41 % to GBP 1.61 million (ZAR 27.69 million)
- Hernic project revenue up 25 % to GBP 3.31 million (ZAR 56.76 million)
- Hernic PGM* production up 18 % to 5 800 ounces
- Project earnings up 31 % to GBP 1.65 million (ZAR 28.32 million) which include GBP 0.082 million (ZAR 1.44 million) plant refurbishment expenditure at DCM
- Project revenue up 12 % to GBP 4.37 million (ZAR 75.06 million)

* 6 Element Platinum Group Metals

Leon Coetzer, Chief Executive Officer, says:

"The Hernic project continues to perform well. The increase in PGM ounces produced had a significant impact on the earnings soaring by more than 40 %. This jump in earnings reflects the low variable cost base for the project per PGM ounce produced. The lower feed supplies which hampered production in June has been overcome and the project is poised to break through 6 000 ounces per quarter.

Our operational footprint is rapidly expanding. The construction of the fines chrome recovery plant at DCM is underway and we have commenced with our PGM PlatCro project which targets to double our PGM processing rate by February 2019. We have also commenced with the construction of the zinc recovery circuit at Kabwe while the design of the lead recovery circuit is being concluded."

Hernic Platinum and Chrome Project (South Africa)

The Hernic operation performed well during Q2 2018 continuing to deliver increased PGM ounces at 5 800 PGM ounces delivered resembling an increase of 18 % quarter on quarter. Project earnings increased by 41 % quarter on quarter which reflects the low variable cost base per PGM ounce produced of the project. Q2 included a record production of 2100 PGM ounces in a single month. We expect to further increase this production rate in line with the increase in reclaimed surface material delivered by Hernic.

The table below presents the comparative quarterly performance of the Herculic project:

	Tailings processed tonnes	PGM ounces delivered	Project revenue (GBP'000) ¹	Project revenue (ZAR'000) ²	Project earnings ³ (GBP'000)	Project earnings (ZAR'000)	Jubilee attributable earnings (GBP'000)	Jubilee attributable earnings (ZAR'000)	Unit cost / PGM oz (USD) ⁴
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 Q1 2018	110 409	4 897	2.651	44.013	1.141	18.908	1.141	18.908	434
Total Q2 2018	119 479	5 800	3.308	56.761	1.612	27.686	1.612	27.686	397
Project to date	538 032	18 133	10.005	171.970	4.104	70.724	4.104	70.724	439

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

4= Unit cost includes provision for utility overhead.

DCM Project (South Africa)

The construction of the fine chrome recovery project is currently underway at DCM. The project targets to commission the new expanded fine chrome recovery circuit during Q4 2018. During this period we also increased our investment into the upgrade of the existing DCM chrome beneficiation plant as reflected in the financial numbers below. We are targeting to complete the fines chrome recovery plant during Q4 2018 which holds the potential to dramatically enhance the production of chrome at DCM.

Chrome production at DCM is expected to remain at current levels during the construction of the fine chrome recovery plant with the existing DCM material containing mostly fine chrome and enriched PGMs. Jubilee continues to have positive engagements with the Department of Mineral Resources to accelerate the approvals required to conclude the construction of the PGM recovery plant.

The table below presents the operational quarterly performance of the DCM project:

	Chromite concentrate produced tonnes	Project revenue (GBP'000) ²	Project revenue (ZAR'000)	Project earnings ³ (GBP'000)	Project earnings (ZAR'000)	Jubilee attributable earnings (GBP'000)	Jubilee attributable earnings (ZAR'000)
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 Q1 2018	9 810	1.240	20.628	245	4.080	123	2.040
Total Q2 2018 ¹	9 461	1.066	18.297	74 ¹	1.264 ¹	37 ¹	632 ¹
Project to date ⁴	139 920	15.241	263.388	7.860	135.669	2.818	49.193

1 = Includes GBP 82 000 (ZAR 1.44 million) plant refurbishment expenditure

2 = Average monthly conversion rates used

3 = Project earnings include project expenditure on plant and equipment

4= Since April 2017

PlatCro Platinum Project (South Africa)

Jubilee commenced delivering PGM material from its PlatCro project to Northam Platinum's Eland Platinum operation in June with 31 000 tonnes of material delivered during June. Jubilee has commenced with the expansion of the material sorting and de-watering plant at PlatCro to support the targeted ramp-up of material delivery to

50 000 tonnes per month. The target is to build a stockpile in excess of 200 000 tonnes of PGM rich material at the Eland Platinum concentrator prior to commencing platinum recovery in February 2019.

Kabwe Zinc, Lead and Vanadium Project (Zambia)

As announced previously the initial construction focus of the Kabwe project is on the zinc primary leach recovery circuit.

The enhanced process flow sheet for the Kabwe project includes a separated zinc and lead recovery circuit which significantly improves the flexibility of the metals recovery plant. This allows the project team to independently execute the zinc and lead metals recovery strategy. The decision was taken to commence with the construction of the zinc recovery circuit ahead of concluding the final design for the lead recovery circuit which is under design review. The circuit design review and optimisation test work includes work to determine the commercially optimal product purity specifications.

This enhanced process flowsheet has been presented to the Zambian department of mines who welcomed the significant progress made towards executing the Kabwe project.

We expect to conclude the final design parameters for the project during Q3 of 2018.

United Kingdom

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