

Operations update 27 September 2012

Jubilee secures access to additional PGM-bearing surface material; Middelburg and Power Alt update

Jubilee, the AIM and JSE quoted mine to metal specialist, is pleased to announce significant advances in its mine to metals strategy with the conclusion of a number of agreements and memorandums of understanding ("MOU"s). These agreements will enable the Company to access additional surface and near surface platinum group metal ("PGM")-bearing resources and tailings; to increase its interest in its subsidiary power generating company, and to secure outright ownership of its Middelburg smelting group. These agreements advance the Company's strategy to secure access to near term cash-generative projects.

Highlights

The Company has entered into a binding and exclusive MOU to acquire a 51% interest in a fully BEE empowered entity, which holds the prospecting rights for PGMs on a portion of a farm located in the western Bushveld of South Africa. The farm includes a PGM-bearing chromite tailings dump estimated to contain at least 500 000 tonnes of material. The acquisition would be either in cash ZAR3.5 million (£263,000) or through the issue of new ordinary shares in Jubilee of equivalent cash value. The means of settlement is at Jubilee's sole discretion;

The Company's subsidiary Braemore Platinum Smelters (Pty) Ltd ("Braemore") entered into an agreement, which provides Braemore an exclusive option to purchase platinum-bearing surface assets existing on various mining claims in Zimbabwe. The acquisition would be for £1.0 million (ZAR13.3 million) in cash or through the issue of new ordinary shares in Jubilee of equivalent cash value. The means of settlement is at Jubilee's sole discretion;

Jubilee has increased its interest to 100% in its subsidiary Jubilee Smelting and Refining (Pty) Ltd ("JSR"), the holding company of its Middelburg smelting company RST Special Metals (RST") via a claims settlement agreement with JSR's shareholders under the terms of its Shareholders Agreement. The settlement includes the payment of ZAR2.7 million (£204,000) in cash or through the issue of new ordinary shares in Jubilee of equivalent cash value. The means of settlement is at Jubilee's sole discretion; and

The Company has entered into a binding MOU to acquire an additional 19% interest in its 51%-owned power generating company Power Alt (Pty) Ltd ("Power Alt") by way of cash R13.1 million (£988,000) or issue of Jubilee ordinary shares of equivalent cash value at Jubilee's election in three tranches, the issue of which would be within 120 days of signing the MOU. The means of settlement is at Jubilee's sole discretion.

Leon Coetzer, Chief Executive Officer of Jubilee said: "Jubilee has successfully secured access to near-term cash generative projects by leveraging its exclusive ConRoast process. This positions Jubilee to establish itself as a significant platinum producer in the near term. Jubilee has increased its holding in both the power plant and the Middelburg smelter operations to improve the Company's earnings potential."

Jubilee secures access to additional PGM-bearing surface material

Jubilee successfully concluded agreements for new surface PGM-bearing materials, adding to its existing Dilokong Chrome Mine tailings resource in the eastern Bushveld.

Western Bushveld

Ashbrook (Pty) Ltd ("Ashbrook"), a fully accredited BEE company holds a prospecting right for PGMs and nickel over a farm in the western Bushveld. The farm includes a PGM-bearing chromite tailings dump ("Dump"). The Dump is estimated to contain at least 500,000 tons of material with a PGM content of at least 1.6 grams per ton ("Minimum Size Requirements").

Another company currently operates a chrome mine and beneficiation plant on the farm. The tailings from this operation contain PGMs and are deposited on the Dump.

Ashbrook and Jubilee have agreed through an MOU to form an exclusive joint venture to exploit and process the Dump and additions arising from the mining activity on the farm.

Jubilee will acquire 51% of the shares in Ashbrook from the vendors for ZAR 3.5 million (£263,000), settled either in cash or through the issue of new ordinary shares in Jubilee at the equivalent cash value. The means of settlement is at Jubilee's sole discretion and on condition that the Dump meets the Minimum Size Requirements.

The MOU is subject to Jubilee undertaking due diligence within four weeks of execution of the MOU and to any regulatory approvals, to the extent they are necessary.

Surface Material in Zimbabwe

Braemore entered into a memorandum of agreement ("MOA") with BioMetallurgical Limited ("BioMet"), a company incorporated in Zimbabwe, giving Braemore for the right to conduct due diligence on and, if appropriate, the exclusive option to purchase certain surface platinum-bearing assets existing on various mining claims ("Claims") owned by BioMet's subsidiaries in Zimbabwe.

The exclusive option to purchase the assets is for a period of 90 days from the execution of this MOA.

The assets include an estimated 800,000 tonnes of slag dump containing an estimated 20,000 tonnes of matte. The matte is composed mainly of base metals and PGMs containing, it is believed, around 4% Nickel and 15 grams per ton Platinum. The assets also include an estimated 6,300,000 tonnes of nickel tailings dump, which are the residues from previous mineral processing and are believed to contain base metals and PGMs.

The consideration for the acquisition of the assets is £1,000,000 (ZAR13.3 million), subject to due diligence by Jubilee, which may be settled either in cash or Jubilee ordinary shares equivalent to the cash value at Jubilee's election.

This MOA is an initial understanding between the parties and envisages a final binding agreement.

Jubilee increases position in its cash-generative subsidiaries

Jubilee Smelting and Refining Pty (Ltd) ("JSR")

The Company entered into a settlement agreement with JSR shareholders and claimholders whereby the parties agreed in full and final settlement of all claims to transfer the remaining 30% interest in JSR to Jubilee, in accordance with the JSR Shareholders agreement.

This agreement includes settlement of claims to the value of ZAR 2,715,973 (£204,000) in cash or through the issue of new ordinary shares in Jubilee at the equivalent cash value. The means of settlement is at Jubilee's sole discretion. The agreement gives Jubilee total ownership of JSR and is part of the restructuring of JSR's balance sheet.

Power Alt Purchase

The Company entered into a binding MOU with ASTRA Group Holding (Pty) Ltd ("ASTRA"), a shareholder in Power Alt (Pty) Ltd ("Power Alt"), regarding the sale of shares in Power Alt. The Company currently has a 51% interest in Power Alt.

Under the terms of this MOU the Company will acquire ASTRA's shareholding in Power Alt amounting to 19% of the issued share capital, valued at R13,139,000 (£988,000) ("Value") in cash or through the issue to ASTRA, in three tranches, of new ordinary shares in Jubilee of equivalent cash value. The means of settlement is at Jubilee's sole discretion.

In the first tranche the Company will acquire shares from ASTRA, amounting to 7.60% of the issued share capital of Power Alt, for a consideration of ZAR 5,255,600 (£395,000) (40% of Value).

In the second tranche the Company will acquire shares from ASTRA, amounting to 9.50% of the issued share capital of Power Alt, for a consideration of ZAR 6,569,500 (£494,000) (50% of Value).

In the final tranche the Company will acquire shares from ASTRA, amounting to 1.90% of the issued share capital of Power Alt, for a consideration of ZAR 1,313,900 (£99,000) (10% of Value).

Should Jubilee elect to settle the acquisition by way issue of new ordinary shares in Jubilee the shares will be allotted and issued at the 30 business days volume weighted average price on the Johannesburg Stock Exchange Limited, preceding the two business days before the respective settlement for issuance.

The effect of this agreement is to increase Jubilee's exposure to the profitable sale of power by Power Alt, which increases the Company's profitability for the coming financial year.

Power Alt, which was awarded the tender in August 2012 (announced 8 August 2012) to supply power to South Africa's national power generating company is expected to commence sale of electricity in October 2012, subject to National Energy Regulator of South Africa's (NERSA) approval.

Andrew Sarosi, Technical Director of Jubilee, who holds a B.Sc. Metallurgy and M.Sc. Engineering, University of Witwatersrand and is a member of The Institute of Materials, Minerals and Mining, is a 'qualified person' as defined under the AIM Rules for Companies and a competent person under the reporting standards. The technical parts of this announcement have been prepared under Andrew Sarosi's supervision and he has approved the release of this announcement.

Contacts

Jubilee Platinum plc

Colin Bird/Leon Coetzer

Tel +44 (0) 20 7584 2155 / Tel +27 (0) 11 465 1913

Andrew Sarosi

Tel +44 (0) 1752 221937

finnCap Ltd

Matthew Robinson/Ben Thompson- corporate finance

Joanna Weaving - corporate broking

Tel +44 (0) 20 7220 0500

Shore Capital Stockbrokers Limited (Joint Broker)

Jerry Keen/Edward Mansfield

Tel: +44 (0) 20 7 408 4090

Sasfin Capital

Leonard Eiser/Sharon Owens

Tel +27 (0) 11 809 7500

Bishopsgate Communications Ltd

Nick Rome/Anna Michniewicz/Ivana Petkova

Tel +44 (0) 20 7562 3350

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