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# Hernic Tailings Project update

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**30 January 2017**

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

## **COMMISSIONING OF THE HERNIC TAILINGS PROJECT UPDATE Exercise of warrants**

### Highlights

- Commissioning of the Chromite Recovery Plant progressing to schedule with first delivery of chromite concentrate product targeted within the next two weeks.
- Tie-in of the Chromite Recovery Plant into the Hernic operational stream targeted over next 10 days.
- The commissioning of the PGM Recovery Plant is the natural succession of the Chromite Recovery Plant with integration of the two recovery plants targeted for February 2017. Tailings of the Chromite Recovery Plant forms the feed to the Platinum Group Metals ("PGMs") Recovery Plant
- At conclusion of commissioning the recovery plants will consist of 71 unit processes operated through 108 control loops supporting material transfer systems totalling 7.100 kilometres.

Mine-to-Metals specialist Jubilee Platinum plc (AIM: JLP, AltX: JBL) is pleased to announce, on behalf of its subsidiary Jubilee Processing Proprietary Limited, a progress update on the commissioning of its Chromite and PGMs Recovery Plants ("the Project") at Hernic Ferrochrome Proprietary Limited ("Hernic") for the recovery of chromite and PGMs from the Hernic tailings ("Hernic Tailings Project").

At full production the Project will be the largest PGM beneficiation plant of surface chrome tailings in South Africa targeting the processing of 55 000 tons per month of chrome and PGM rich material. The Company has followed a very stringent systematic approach to the commissioning of this large integrated Project to both minimize operational interruptions to the existing Hernic operation as well as ensuring a controlled start-up to minimise the time required to reach stable operation.

The commissioning activities include:

- Structural, Mechanical, Electrical, C&I, Piping and Equipment testing to ensure the integrity of installation which relate to construction deliverables
- Pre-operational functional testing and operating of the equipment, under no load, for short periods of time, focussing on an isolated piece of equipment within a larger process unit.
- Integrated functional testing of process units in closed loop using process water to complete commissioning of mechanical and process control functionality of the integrated metallurgical process unit.

- Final functional testing of fully integrated metallurgical unit processes using process water prior to feeding chromite and PGM material.
- The final step of integrating the Chromite Recovery Plant into Hercul's current operations to receive Hercul feed material and ramping up of production, is targeted for completion within the next two weeks
- The tailings from the Chromite Recovery Plant forms the feed to the PGM Recovery plant. The integration of the two circuits will commence during February 2017. The commissioning of the PGM Recovery Plant is the natural succession of the Chromite Recovery Plant with operational testing and commissioning of the unit processes of the PGM Recovery Plant targeted for February 2017.

Project Capital expenditure to commencement of commission totals £10 million (ZAR 167.1 million) or 85% of the projected total capital spent for the Project which is line with the targeted milestones of the project.

Leon Coetzer, Chief Executive commented:

"We are excited with the progress as we complete the testing and commissioning of our Hercul project. The complexity of bringing such a large project into operation has been well managed through a disciplined commissioning program and the support of our contracted engineering and project management partners. I invite our shareholders to view the latest update Project pictures and short videos capturing the progress on the commissioning activities on the Jubilee website. The picture gallery depicts the transformation of the project area during the project construction phase and the commissioning activities. It also captures the magnitude of the Project as we transform Jubilee into a platinum and chromite producer."

Jubilee also announces that it has received notification from a warrant holder to exercise 10,550,581 existing warrants in the issued share capital of Jubilee ("Warrant Shares") at a price of 3.23p (ZAR54.17c) per Warrant Share. The exercise of Warrant Shares amounts, in aggregate, to a cash value of GBP 340,784 (ZAR 5.7 million).

The Warrant Shares are expected to be admitted to trading on AIM and listed on the AltX of the JSE Limited on or about 3 February 2017 and will rank pari passu with the ordinary shares of the Company in issue.

### **Total voting rights**

The Company's total issued capital, after the issue of the Warrant Shares, will be 1,033,285,942 ordinary shares. As the Company does not hold any shares in Treasury, this figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company following Admission.

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

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### **The Hernic Project**

Hernic Ferrochrome Proprietary Limited ("Hernic") is the world's 4th largest integrated ferrochrome producer with an estimated 3 million tons of platinum containing material at surface while Hernic continues to add further material to the surface stock.

The Company was selected as the exclusive party to benefitiate the chromite and PGMs contained in the Hernic 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 Hernic 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. Hernic 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 Project is estimated to contain total PGMs 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) per 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

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

The ZAR-based debt funding for both surface projects equates to GBP 11.5 million (ZAR 255 million\*) before financing costs. The working capital required to bring the two surface projects into operation and to achieve positive earnings is estimated at GBP 3.4 million (ZAR 75 million\*).

\*=Conversion as at the commencement of the Project

This information is provided by RNS  
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