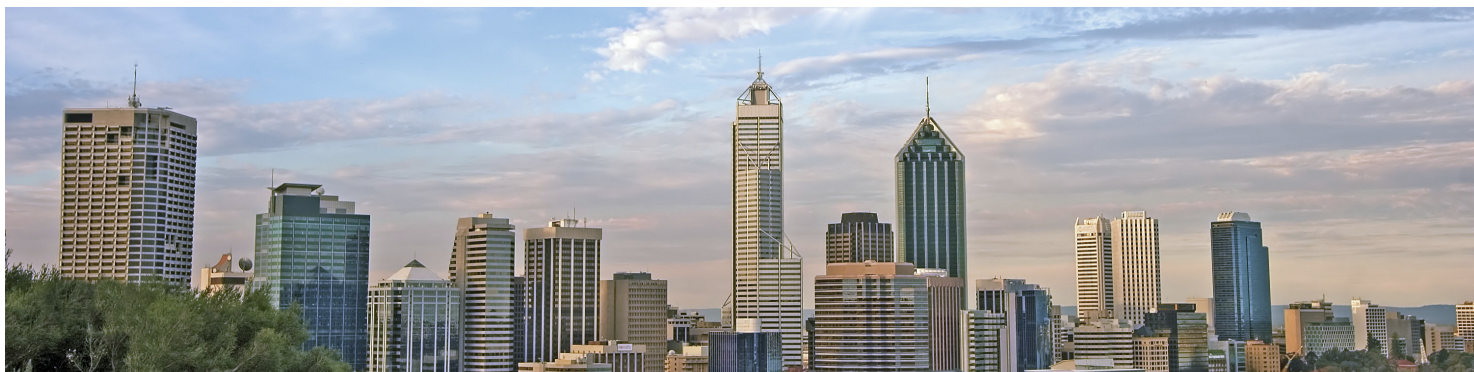




ASX ANNOUNCEMENT

Platinum Australia Limited (Subject to Deed of Company Arrangement) ACN 093 417 942 (“the Company” or “PLA”)

ASX code: PLA

17 December 2012

Proposed merger of PLA with Jubilee Platinum plc Heads of Agreement executed

The Deed Administrator of PLA is pleased to announce that it is at an advanced stage of discussions for a proposed merger with Jubilee Platinum plc (**Jubilee**), under which Jubilee would acquire all ordinary shares on issue in PLA by way of a scheme of arrangement regulated under the Australian Corporations Act (the **Proposed Transaction**).

The parties have executed a Heads of Agreement (**HOA**) outlining the key elements of the Proposed Transaction that will be used to guide the preparation of binding transaction documents that are in the process of being negotiated.

Under the Proposed Transaction, PLA shareholders would receive ordinary shares in Jubilee in exchange for their shareholding in PLA. The merged entity will be seeking a financing package for project finance, working capital and for partial settlement of PLA's debts. The financing package is currently being negotiated.

The debt of PLA's creditors, including PLA's major secured creditor, would be addressed through a combination of cash settlement and equity. A portion of the debt would be converted into equity in PLA, and those creditors would then participate in the Proposed Transaction as PLA shareholders (ultimately receiving consideration shares in Jubilee).

The HOA has binding obligations of confidentiality, exclusive negotiations to 28 January 2012 and obligations on each of PLA and Jubilee to pay a break fee in certain circumstances. A binding agreement to proceed with the Proposed Transaction will be subject to the parties completing due diligence and reaching agreement on the binding transaction documents. Completion of the Proposed Transaction would then be subject to a number of approvals, including approvals from the shareholders of each of PLA and Jubilee, and approvals from PLA's creditors. The material terms of the HOA are summarised in the schedule to this announcement.

Highlights of the Proposed Transaction

- If completed, the Proposed Transaction would create a large Anglo-Australian-South African platinum mining group with the potential to be a significant producer within the top 5 platinum producers in the world.
- Jubilee's announced agreement with PLA to use PLA's Smokey Hills Mine concentrator agreement accelerates the processing of Jubilee's Dilokong tailings by some 14 months to commence during the first half of 2013.
- The reopening of the Smokey Hills Mine which is fully capitalised and ready for production would provide the combined group with significant annualised production of PGM's (platinum group metals). It is expected that the mine would be brought into production during the second half of 2013.

www.pitcher.com.au

Melbourne | Sydney | Perth | Adelaide | Brisbane

Pitcher Partners is an association of independent firms.
Liability limited by a scheme approved under Professional Standards Legislation.



an independent member of
BAKER TILLY
INTERNATIONAL

- The combined group would have access to the ConRoast process for its future concentrate production.
- With the exception of the Tjate Platinum project (which is Jubilee's prime asset in South Africa), the projects are near term with relatively low capital requirements. It is intended that the combined group grows its earnings profile from cash generated by its own operations.
- The development of PLA's open pit Roodeerand Platinum Project (PLA 30% moving to 65%) in the western limb of the Bushveld Complex which compliments Smokey Hills Mine. A Mining Right application for the project was submitted in late 2012 and a DFS on the project is due for completion shortly.
- The development of PLA's open pit Kalahari Platinum Project (PLA 12% moving to 44% - 49%) on which a Mining Right application is expected to be submitted in first half 2013.
- The combined management team has a solid track record of operational and corporate delivery.

John Lewins, Director of Platinum Australia Limited, said: "We believe that Jubilee's diverse platinum portfolio and cash flow potential together with our Smokey Hills Mine and development projects will result in a balanced group well able to take the benefits of the anticipated improvement in the fortunes of the platinum industry."

Leon Coetzer, Chief Executive Officer of Jubilee, said: "This proposed transaction we believe will materially enhance Jubilee's Mine to Metals Strategy and we look forward to working with PLA as a combined force to develop our respective assets in the best interests of the shareholders of the two companies."

BRYAN HUGHES

Deed Administrator

Platinum Australia (ASX Code: PLA) owns 70% of the Smokey Hills Platinum Mine which is a shallow underground operation capable of producing up to 80,000oz 4E PGM per annum. Due to prevailing low metal prices the mine was placed on care and maintenance in June 2012. It is currently planned to commence treating chrome tailings through the Smokey Hills processing plant in early 2013 and dependent on metal prices, to restart underground mining operations during the second half of 2013. The mine would be expected to ramp up to a production level of approximately 70,000 oz PGM per annum in 2014.

PLA has two other advanced shallow PGM projects in South Africa, the Roodeerand Platinum Project (PLA earning 70% from Atla Mining) and the Kalahari Platinum (PLA earning 49% from ARMplatinum).

A Definitive Feasibility Study on the Roodeerand Project is expected to be completed shortly, which follows the completion of a positive Pre Feasibility Study. Development of the 4 Moz 4E PGM Project is planned to commence as soon as a Mining Right is issued, expected in early 2014. Development envisages an initial 10 year life open pit operation, followed by a further 6 years of treatment of low grade ore. This could be followed by a further 7 years of production from underground, producing 120,000 4E PGM ozs per annum.

Following the completion of a positive Definitive Feasibility Study, development of the 6.7 Moz PGM open pit Kalahari Platinum Project it is proposed to make application for a Mining Right in early 2013 with a view to being in a position to commence development in late 2014. The study envisages a production rate of 100,000 ozs PGM per annum.

Jubilee Platinum plc is a mining exploration and development company with a primary focus on platinum group elements (PGE). Through recent acquisitions, the Company has added PGE and ferroalloy smelting and refining to its capability. The Company aims to create an integrated mine-to-metals company with a primary focus on platinum. This mission is based on modern and thoroughly-proven smelting technology to process the Company's own and other's high-chrome PGE concentrates and, importantly, to improve mining environments by reprocessing mine tailings dumped by other miners.

The Company's prime asset in South Africa is the Tjate platinum project, in which it has a 63% beneficial interest. The project's exploration area is judged to host the world's largest undeveloped block of defined platinum ore, covering some 5,140 hectares to a potential target of some 65 million oz (41 million oz attributable) of PGEs and gold, net of geological losses. Tjate Platinum Corporation, received a formal offer from a major mining company to acquire for ZAR75 million (c.£5.95 million at current exchange rates) in cash, for the Quartzhill farm portion of its Tjate Platinum Project.

In October 2009, Jubilee acquired Braemore Resources plc, which holds an exclusive licence to the ConRoast process for the smelting of high chrome-bearing PGE concentrates and has acquired extensive process development expertise. Jubilee's first goal is to complete the establishment of commercial ConRoast operations to recover platinum group metals from difficult-to-treat concentrates, residues and tailings. The ConRoast plant is being established at the recently acquired and strategically located ferroalloy smelting facility in Middelburg.

www.pitcher.com.au

Melbourne | Sydney | Perth | Adelaide | Brisbane

Pitcher Partners is an association of independent firms.
Liability limited by a scheme approved under Professional Standards Legislation.

 an independent member of
BAKER TILLY
INTERNATIONAL

Jubilee's 70%-owned Power Alt (Pty) Ltd, that owns the on-site 11MW gas-fired electricity generation plant in Middelburg, has been awarded a tender to supply 5.1MW of power to the national electricity utility company worth an estimated ZAR12.4 million (GBP970 000 at current exchange rates) in sales, for an initial trial period of four months. The 5.1MW is surplus to current requirements of the Company's Middelburg smelter and more may become available following the review of continued use of older furnaces.

Jubilee's subsidiary company Pollux Investment Holdings (Pty) Ltd (to be renamed Jubilee Tailings Treatment Company (Pty) Ltd) has entered into an agreement with Phokathaba Platinum (Pty) Ltd, a South African subsidiary platinum mining company of Australian Stock Exchange listed Platinum Australia Ltd to toll process the 800,000 tonnes of Dilokong Chrome Mine platinum-bearing tailings using Phokathaba's concentrator on PlatAus's Smokey Hills mine in the Eastern Bushveld. On 13 June 2012 Jubilee was awarded the right to recover the platinum group metals contained in the Dilokong Tailings.

In Australia, Jubilee is evaluating the recovery of nickel from the tailings of the Leinster mine in Western Australia. The Company has rights through a tailings supply agreement with BHP-Billiton to test and, if appropriate, to process the nickel tailings from BHPB's Leinster mine and conditionally thereafter, from its Kambalda and Mount Keith operations.

Jubilee is dedicated to sustainable and socially responsible development and, as a company, ensures its projects adhere to the highest environmental standards. The Company is also a firm proponent for the role of foreign direct investment as a key form of social development in developing African countries.

Schedule - Material terms of the HOA

The HOA creates binding obligations of confidentiality, exclusive negotiations until termination of the HOA and obligations on each of PLA and Jubilee to pay a break fee of A\$400,000 in certain circumstances. The parties are now working to agree transaction documents that will create binding obligations to proceed with the Proposed Transaction.

The parties have agreed that a break fee is appropriate in the circumstances, as each believes that the Proposed Transaction would deliver significant benefits to PLA and Jubilee and their respective stakeholders, and the amount is a genuine and reasonable pre-estimate of the significant costs the parties expect to incur.

The material terms of the HOA are summarised as follows:

- The HOA will terminate upon the earlier of:
 - execution of binding transaction agreements;
 - 14 January 2013, if an indicative terms sheet for an approximate US\$ 30m financing package is not provided to Jubilee by that date;
 - a party publicly recommending any competing proposal; or
 - notice given by a party if binding transaction agreements have not been entered into by 28 January 2013.
- From the date of the HOA until it is terminated (the **Exclusivity Period**), each party must provide due diligence access to the other, must not enter into or vary off-take or other material agreements, and must carry on business in the usual course.
- During the Exclusivity Period, each party must cease, and will not solicit or encourage the submission of, any transaction or arrangement pursuant to which a third party would (a) acquire all or a majority of the business or assets of the party (b) acquire a relevant interest in 50% of more of the voting shares of the party or (c) otherwise acquire control of the party (a **Competing Proposal**).
- The exclusivity restrictions do not apply to the extent that it restricts a party from taking action with respect to a bona fide Competing Proposal (that was not solicited or encouraged) provided that the Board or Deed Administrator (as applicable) of the relevant party has determined, in good faith and acting reasonably that:
 - if completed, the Competing Proposal could result in a transaction more favourable to the relevant party than the Proposed Transaction; or
 - after receiving advice from legal or financial advisers, failing to respond to such Competing Proposal would constitute a breach by a director or Deed Administrator (as applicable) of his or her fiduciary or statutory duties or obligations.
- A party must notify the other of any Competing Proposal, unless to do so could constitute a breach by a director or Deed Administrator (as applicable) of his or her fiduciary or statutory duties or obligations.
- A party (the **Paying Party**) must pay break fee of A\$400,000 to the other party (the **Receiving Party**) if:
 - the Paying Party publicly recommends a Competing Proposal and the HOA is terminated by the Receiving Party; or
 - a Competing Proposal for the Paying Party is announced, made, or becomes open for acceptance during the Exclusivity Period and, whether before or after termination of the HOA but in any event before 14 December 2013, any bidder for the Paying Party:
 - acquires all or a majority of the business or assets of the Paying Party;
 - acquires a relevant interest in 50% of more of the ordinary shares of the Paying Party; or
 - otherwise acquires control of the Paying Party.
- The Break Fee is only payable once, and would only be payable to the extent that to cause the party to undertake or fulfil such obligations would not involve a breach of the duties of the directors or the Deed Administrator of that party, constitute unacceptable circumstances within the meaning of the Corporations Act 2001 (Cth) or be unlawful on any basis.



Melbourne
Telephone +61 3 8610 5000
partners@pitcher.com.au

Sydney
Telephone +61 2 9221 2099
partners@pitcher-nsw.com.au

Perth
Telephone +61 8 9322 2022
partners@pitcher-wa.com.au

Adelaide
Telephone +61 8 8179 2800
partners@pitcher-sa.com.au

Brisbane
Telephone +61 7 3220 0355
partners@pitcher-qld.com.au

www.pitcher.com.au

Pitcher Partners, including Johnston Rorke, is an association of independent firms.
Liability limited by a scheme approved under Professional Standards Legislation.