Jubilee Metals Group Plc
Registration number (4459850)
Altx share code: JBL
AIM share code: JLP
ISIN: GB0031852162
("Jubilee" or the "Company")

Audited results for the year ended 30 June 2019
Notice of Annual General Meeting
Availability of Annual Report

Jubilee, the AIM and Altx traded metals processing company is pleased to announce its audited results for the year ended 30 June 2019.

FINANCIAL HIGHLIGHTS

- Group revenue for the year increased by a strong 66.83%, to £ 23.59 million (ZAR[1] 432.61 million) [2018: £ 14.14 million (ZAR 245.53 million)]

- In 2019, the Group delivered positive **earnings** of £ 7.00 million (ZAR 128.28 million) [(2018: **loss** of £ 2.11 million (ZAR 36.72 million)] and a return on equity of 10.50%, compared to a negative return of 3.67% in the previous year

- In 2019, the Group delivered positive **earnings** per share of 0.48 pence per share (ZAR 8.75 cents) [(2018: **loss** of 0.18 pence (ZAR 3.05 cents)]

- Total project attributable earnings almost doubled to £ 9.87 million (ZAR 181.03 million) [2018: £ 5.03 million (ZAR 86.80 million)]

- The Group posted an operating profit up significantly to £ 4.87 million (ZAR 89.38 million) [2018: profit of £ 0.06 million (ZAR 1.04 million)], with an operating margin of 20.64%

- The Group's balance sheet strengthened substantially, with total assets increasing by 47%, to £102.04 million (ZAR1.82 billion)

- Total equity increased to £ 78.69 million (ZAR 1.40 billion), from £ 58.80 million (ZAR 1.07 billion) a year earlier, maintaining a strong equity ratio of 77.11% (2018: 84.64%)

- The Group delivered strong cash flows from its operating activities of £ 4.76 million (ZAR 84.79 million) [(2018: positive cash flow of £ 0.96 million (ZAR 17.44 million)], with Cash and cash equivalents tripling from the previous year, to £ 18.9 million

- Overall, the Group's gearing remains low with the positive net debt position and current assets covering a comprehensive 126.74% (2018: 106.96%) of total short and long term liabilities

1= for income statement purposes conversions are at the average £: ZAR rates for the period under review and for balance sheet purposes at the spot rate as at year end. All other conversions are at rates at the time announced.

OPERATIONAL HIGHLIGHTS FOR THE PERIOD UNDER REVIEW

- Inyoni PGM[2] Operations delivered a record production of 23 847 ounces (2018: 17 354 ounces) for the year, generating revenue of £ 14.90 million (ZAR 273.36 million) compared to £ 9.52 million (ZAR 164.37 million) in the previous year

- The newly acquired Windsor Chrome Operations delivered 149 272 tonnes of chrome concentrate since January 2019, generating revenue of £ 5.75 million (ZAR 105.48 million)

- Windsor Chrome Operations was established by the execution of a sale and purchase agreement through Jubilee's subsidiary Jubilee Processing to acquire all of the chrome beneficiation assets including plant, equipment, intellectual property and all rights to the existing surface material estimated in excess of 1.8 million tonnes owned by PlatCro and associated companies, for a combined consideration of £ 8.26 million (US$10.5 million). Jubilee's subsidiary Windsor SA is the appointed operator of the Windsor Chrome Operations.

- DCM Fine Chrome Operations produced a total of 32 675 tonnes of chrome concentrate (2018: 46 191 tonnes) for the year, with additional revenue of £ 2.09 million (ZAR 38.24 million) [(2018: £ 4.62 million (ZAR 80.05 million)]

- Combined chrome performance of 181 947 tonnes of chrome concentrate delivered generated revenue of £ 7.84 million (ZAR 143.72 million) [(2018: £ 4.62 million (ZAR 80.05 million)], increasing the chrome operations contribution to one third of Group's total revenues

2= 6 Element Platinum Group Metals (platinum, palladium, rhodium, ruthenium, iridium + gold)

HIGHLIGHTS POST THE PERIOD UNDER REVIEW

- The significant growth in earnings delivered during the period under review continued on its steep growth trajectory demonstrated by the jump in operational earnings to £ 3.38 million delivered for the three month period July to September 2019, which equates to a 90% jump from the comparative period in 2018

- This jump in earnings reflects only one full month of production at the Windsor PGM Operations, which commenced operations in late August 2019 and exceeded expectations by delivering 5 337 PGM ounces for the month of September 2019 alone, which is more than double that of the PGM ounces produced from the Inyoni Operations

- Jubilee has executed a share purchase agreement for the acquisition of the Sable Zinc refinery in Kabwe Zambia. The refinery is situated immediately adjacent to the large stock piles of zinc, lead and vanadium that Jubilee has contracted from BMR Group PLC. Jubilee executed the acquisition from two subsidiaries of Glencore plc for a consideration of £ 9.16 million (US$ 12 million) (ZAR 175.97 million)

- Jubilee acquired 100% of the rights to PGM earnings from the current and future tailings produced at Jubilee's Inyoni Operations (previously Hernic) located in the Bushveld Complex, South Africa. In addition to the current unprocessed 1.70 million tonnes of historical tailings at the Hernic Operations and the 630 000 tonnes of previously processed tailings, Jubilee has acquired the rights to some 1.0 million tonnes of PGM rich material

- Jubilee has acquired 100% of all further chrome rights to the chrome contained in all of the historical tailings at Inyoni as described above

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Jubilee has continued on its positive growth trajectory, delivering strong growth in earnings and operational performance for the period under review. Group Revenue increased to £ 23.59 million (ZAR 432.61 million), delivering positive Group earnings of £ 7.00 million (ZAR 128.28 million). Group operations produced 181 947 tonnes of chrome concentrate and 23 847 PGM ounces during the period under review. This growth has been achieved as a result of both the performance of the Company's flagship Inyoni Operations (previously known as Hernic Operations) and the contributions from new production facilities being brought on-line during the period under review.

The Company's operations at the date of this announcement expanded to include:

Period under review

- Inyoni Operations (previously Hernic Operations) – a South African based PGM and chrome beneficiation facility processing both historical tailings, as well as on-going tailings produced by the Hernic Operations (now owned by a subsidiary of one of the world's largest ferrochrome producers). Inyoni holds a capacity to process 55 000 tonnes per month of feed material, producing both chrome and PGM saleable concentrates. The transaction post the period under review, has transformed the operation from a co-operation processing agreement, to eventual full ownership, by Jubilee, of all historical chrome and PGM tailings at Inyoni Operations.

- Windsor Chrome Operations – a South African based chrome beneficiation facility principally supplied by offtake agreements with third party chrome ore suppliers. In addition, Windsor Chrome has access to historical chrome tails produced under its previous ownership. Windsor Chrome, which was acquired by Jubilee in January 2019, holds a capacity to process approximately 70 000 tonnes per month of feed material.

- Dilokong Chrome Mine Operations ("DCM") – a South African based chrome beneficiation facility holding Jubilee's industry leading fine chrome recovery process, with a design capacity to process up to 30 000 tonnes per month of feed material. The project was ramped up to commercial production levels in May 2019.

Post the period under review

- Windsor PGM Operations – a South African based PGM recovery joint venture ("JV"), with Northam Platinum's Eland Plant operations. Under the JV, Windsor PGM has secured access to the PGM recovery operations for the recovery of the PGMs contained in the tailings produced by Windsor Chrome Operations. The JV has significantly exceeded its target of processing 60 000 tonnes per month of PGM containing feed since being brought on-line during August 2019.

- Integrated Kabwe Operations – a Zambian based multi metal refining facility currently under construction, which includes nearly 6.4 million tonnes of vanadium, zinc and lead containing surface material and further supplemented by third party ore supply.

- Inyoni Operations – a South African based chrome and PGM operation. As announced on 24 October and 5 November 2019, Jubilee increased its scope at Inyoni through the acquisition of all PGM and chrome rights contained in the historical tailings material. Jubilee targets to accelerate the implementation of its successful Fine Chrome solution at Inyoni to improve the chrome recovery. The DCM Fine Chrome recovery plant has shown the potential to increase chrome concentrate mass-yields by up to 21%. The combination of the increased operational scope and the expanded chrome recovery circuit, which now includes taking control of the feed supply to our processing plant, offers Jubilee the opportunity to increase both feed rates as well as improving chrome recoveries. This combination holds the potential for Jubilee to increase its PGM production to 2 700 PGM ounces per month while the expanded chrome processing operation could produce up to a total of 500 000 tonnes of recoverable chrome concentrate from the historical tailings located at the Inyoni operation. The increased PGM ounce production would equate to an approximate US$ 450 000 of additional revenue per month with chrome offering a significant revenue boost to the project with chrome concentrate CIF prices fluctuating over the quarter between US$ 135 to US$ 157 per ton of chrome concentrate. At current operating margins, these additions to revenue have the potential to add significantly to earnings.

Further projects in the pipeline include the DCM PGM Operations, which targets the recovery the PGMs contained in the nearly 800 000 tonnes of tailings from the DCM Chrome Operations and the Tjate Platinum Project, which is an underground PGM exploration asset currently under review.

Jubilee has successfully expanded and diversified its earnings base across metal groups and mining jurisdictions, targeting surface material previously discarded or overlooked due to inherent process inefficiencies in the mining industry. Jubilee has unlocked significant value from these surface assets by leveraging its in-house technical expertise and process development capabilities to implement fit for purpose, cost effective, cutting edge process solutions. Jubilee has incorporated a zero-effluent policy in its processing designs, resulting in the natural rehabilitation of these historical surface waste materials. The Company has a distinct expansion plan aimed at utilising its team, diversifying commodity and jurisdictional exposure to build cash flow and maximise the international opportunity.

The increased global awareness and focus on mine tailings globally continues to drive renewed interest from both governments and corporates to decrease the global footprint of legacy mine waste and reduce the environmental risk this poses. This creates ideal opportunities for Jubilee to engage in mine waste reduction through reprocessing, which meets local environmental obligations, whilst also realising economic benefit.

The Company has successfully responded to the current challenges and risks inherent to a metals processing business that also holds an exploration asset and will continue to formulate preventative risk management measures.

CHAIRMAN'S STATEMENT

Dear Shareholder,

This has been another fantastic period for Jubilee as we look to build an industry leading international metal recovery business focused on the treatment of surface tailings materials and primary mineral ore generated from third party mining operations. Through the successful implementation of a defined strategy, we have significantly expanded Jubilee's operational, jurisdictional and earnings footprint, which has resulted in a current portfolio of five operations in South Africa and Zambia, a defined and valuable metal inventory, exposure to a broad commodity basket that includes PGMs, chrome, copper, lead, zinc, vanadium and cobalt and a sharp swing from an operating loss to an operating profit to £ 4.87 million.

We are a global leader with first mover advantage in a market that is rapidly expanding due to the increasing awareness and legislation, both from government and corporate mining entities, driving the need to reduce mine waste exposure and the vast amount of historic above ground material accumulated. With the environmental obligations and the rising cost and difficulty of mining, majors are, not only increasingly needing a waste treatment solution, but viewing surface material as a potential source of cash flow. However, they do not necessarily have the means nor expertise to implement mine waste recovery projects; this is where we step in. We turn potential waste liabilities into assets through implementing our bespoke environmentally conscious metal recovery solutions that ensure a zero-effluent policy. Importantly the projects have defined reserves with the tonnage and a grade known in advance, and don't have the expenses related to traditional mining techniques. Our bespoke solutions have exceptionally low capital intensity and operating costs which delivers robust margins. The ability of our team is recognised, and we already have a blue-chip industry partnership base including Mitsubishi, Northam, Lonmin and Vedanta.

Drilling down on the operational front and underlining our delivery capabilities, we continue to optimise and expand our project portfolio. We now have inventory of £ 1.66 million and are actively looking to increase existing production and revenue streams. Our South African chrome and PGM operations have seen significant growth with a combination of productivity and optimisation input and the addition of new operations. Importantly, we were able to continue to produce an increase in earnings quarter on quarter despite softer chrome prices.

In December 2018, we acquired a major chrome processing operation, owned by PlatCro Minerals (Pty) Ltd (now Windsor SA (Pty) Ltd) with an operational capacity to process up to 75 000 tonnes of chrome ore, offering the potential to boost our operational cash flow. The acquisition, which included 1.8 million tonnes of surface dump material containing chrome and platinum, positions Jubilee in a pivotal position in the Western Bushveld, South Africa, where it has easy access to material for treatment from numerous nearby sources. Windsor SA is performing well and the team has shown its ability to deliver strong results.

We are continually focused on innovation, which was clearly demonstrated with the successful commissioning of the fine chrome plant at our DCM Fine Chrome Operations. Through our conceptual approach we targeted the recovery of fine chrome from existing mine waste material, which had previously been considered to be irrecoverable. Our fine chrome capability now has the potential to be rolled out into the whole of the chrome industry and we expect it to be applicable to other commodities where fine material has been judged to be irrecoverable. The underlying test work, design and implementation is an absolute credit to our research and engineering team.

Underlining our ambition to expand, was taking our interest in Kabwe up to 87.5%, which combined with a 29.01% shareholding gives us a 91.13% beneficial interest and the commencement of discussions to acquire the Sable Zinc Refinery, located near our tailings and primary oxide ore. The acquisition of this plant will be beneficial in many respects, including but not limited to: a reduced project implementation time-line and project implementation risk, as well as reduced capital expenditure against the acquisition of a major refinery at a significant discount to new build. These events represent transformational milestones in the Company's aspirations and our plans in Zambia.

Market

During the initial part of the period under review chrome prices were satisfactory and PGMs were somewhat depressed. However, at the time of writing this report chrome prices retracted sharply but has been offset by an improving PGM basket price buoyed in particular by palladium and rhodium. These volatile metal prices show the benefit of having a diversified commodity basket which has provided us with considerable resilience in the face of varying performances, ensuring that we continue to produce an overall value.

Financial

Jubilee is now producing considerable cash, meeting its market promises and delivering its development strategy. For the period we reported earnings of 0.48 (2018: loss of 0.18) pence per ordinary share. We delivered strong cash flows from operating activities of £ 4.76 million (2018: £ 0.96 million), with cash and cash equivalents tripling from year earlier, to £ 18.9 million.

Outlook

This is a truly exciting time for Jubilee Metals. We are looking at a number of acquisitions and cash accretive investments within our portfolio, with a determination to continue the exceptional growth shown during the financial year under review. We have a robust project pipeline and acquisition opportunities to augment our rapid growth strategy and believe our unique positioning, technical knowhow and team will enable us to create significant further value for shareholders.

We are mindful that growth and success can bring its own problems and we review, on a routine basis, the risks against the business. These risks are often outside our control and as such, we are determined to position ourselves and work diligently on all matters, which might not lead to an enhanced cash flow, but will lead to security of tenure and community acceptance.

I conclude by thanking our Chief Executive, Leon Coetzer, who has put in extreme effort over all fronts to achieve these results, supported by an excellent team. I also welcome our newcomers in the various disciplines, who I have no doubt will continue to drive this Company onwards and upwards.

Colin Bird
Non-executive Chairman

GROUP ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GROUP STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Group	
	2019	2018
	£s	£s
Assets		
Non-current assets		
Property, plant and equipment	**17 901 768**	10 364 239
Intangible assets	**46 937 992**	44 385 596
Investments in associates	**1 895 477**	2 760 966
Other financial assets	**5 709 324**	509 229
	72 444 561	58 020 030
Current assets		
Inventories	**1 660 691**	1 306 000
Other financial assets	**-**	424 753
Current tax receivable	**-**	15 870
Trade and other receivables	**9 071 729**	3 293 938
Cash and cash equivalents	**18 865 288**	6 376 153
	29 597 708	11 416 714
Total assets	**102 042 269**	69 436 744
Equity and liabilities		
Equity attributable to equity holders of parent		
Share capital and share premium	**105 820 411**	94 065 073
Reserves	**22 319 022**	21 432 114
Accumulated loss	**(51 842 702)**	(59 057 860)
	72 296 731	56 439 327
Non-controlling interest	**2 393 081**	2 363 401
	78 689 812	58 802 728
Liabilities		
Non-current liabilities		
Other financial liabilities	**10 396 736**	1 622 026
Deferred tax liability	**6 018 620**	5 065 422
	16 415 356	6 687 448
Current liabilities		
Other financial liabilities	**2 272 459**	1 448 664
Trade and other payables	**4 664 642**	2 497 904
	6 937 101	3 946 568
Total liabilities	**23 352 457**	10 634 016
Total equity and liabilities	**102 042 269**	69 436 744

The financial statements were authorised for issue and approved by the Board on 14 November 2019 and signed on its behalf by:

Leon Coetzer
Chief Executive Officer

Company number: 04459850

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Group	
	2019	2018
	£s	£s
Continuing operations		
Revenue	**23 585 845**	14 139 510
Cost of sales	**(10 709 445)**	(8 672 325)
Gross profit	**12 876 400**	5 467 185
Other income	**385 000**	9 227
Operating expenses	**(8 388 378)**	(5 416 827)
Operating profit/(loss)	**4 873 022**	59 585
Investment revenue	**30 058**	25 586
Impairments	**5 021 585**	(804 357)
Finance costs	**(1 112 909)**	(1 375 732)
Share of loss from associates	**(895 489)**	(308 451)
Profit/(loss) before taxation	**7 946 267**	(2 403 369)
Taxation	**(969 971)**	–
Profit/(loss) for the year	**6 976 296**	(2 403 369)
Other comprehensive income:		
Exchange differences on translating foreign operations	**679 636**	(2 954 327)
Total comprehensive income	**7 655 932**	(5 357 696)
Basic loss for the year		
Attributable to:		
Owners of the parent	**6 993 587**	(2 114 713)
Non-controlling interest	**(17 291)**	(288 656)
	6 976 296	(2 403 369)
Total comprehensive loss attributable to:		
Owners of the parent	**7 626 600**	(4 892 637)
Non-controlling interest	**29 332**	(465 059)
	7 655 932	(5 357 696)
Earnings/(loss) per share (pence)	**0.48**	(0.18)
Diluted earnings/(loss) per share (pence)	**0.47**	(0.18)

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

Figures in Sterling	Share capital and share premium	Foreign currency translation reserve	Merger reserve	Share-based payment reserve	Convertible instrument reserve	Total reserves	Accumulated loss	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
Balance at 1 July 2017	**87 674 940**	**(1 442 540)**	**23 184 000**	**1 336 583**	-	**23 078 043**	**(57 261 760)**	**53 491 223**	**2 867 039**	**56 358 262**
Changes in equity										
Total comprehensive income for the year	-	(2 777 924)	-	-	-	(2 777 924)	(2 114 713)	(4 892 637)	(465 059)	(5 357 696)
Issue of share capital net of costs	7 258 327	-	-	-	-	-	-	7 258 327	-	7 258 327
Warrants issued	(868 194)	-	-	868 194	-	868 194	-	-	-	-
Options issued	-	-	-	263 801	-	263 801	-	263 801	-	263 801
Changes in ownership interest – control not lost	-	-	-	-	-	-	318 612	318 612	(38 578)	280 034
Total changes	6 390 133	(2 777 924)	-	1 131 995	-	(1 645 929)	(1 796 101)	2 948 103	(503 637)	2 444 466
Balance at 30 June 2018	**94 065 073**	**(4 220 464)**	**23 184 000**	**2 468 578**	-	**21 432 112**	**(59 057 860)**	**56 439 327**	**2 363 401**	**58 802 728**
Changes in equity										
Total comprehensive income for the year	**-**	**633 013**	**-**	**-**	**-**	**633 013**	**6 993 587**	**7 626 600**	**29 332**	**7 655 932**
Issue of share capital net of costs	**11 765 355**	**-**	**-**	**-**	**-**	**-**	**-**	**11 765 355**	**-**	**11 765 355**
Share warrants issued	**(10 017)**	**-**	**-**	**231 593**	**-**	**231 593**	**-**	**221 575**	**-**	**221 575**
Share warrants expired	**-**	**-**	**-**	**(180 736)**	**-**	**(180 736)**	**180 736**	**-**	**-**	**-**
Equity component of convertible loan note					**203 040**	**203 040**	**-**	**203 040**	**-**	**203 040**
Changes in fair value – control not lost	**-**	-	-	-	-	-	**40 835**	**-**	-	**40 835**
Changes in ownership interest – control not lost	**-**	-	-	-	-	-	-	-	**348**	**348**
Total changes	**11 755 338**	**633 013**	**-**	**50 857**	**203 040**	**886 908**	**7 215 159**	**19 857 405**	**29 680**	**19 887 085**
Balance at 30 June 2019	**105 820 411**	**(3 587 451)**	**23 184 000**	**2 519 435**	**203 040**	**22 319 022**	**(51 842 702)**	**76 296 731**	**2 393 081**	**78 689 812**

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Group	
	2019	2018
	£s	£s
Cash flows from operating activities		
Cash used in operations	**5 514 036**	1 406 936
Interest income	**30 058**	25 586
Finance costs	**(787 390)**	(469 548)
Net cash from operating activities	**4 756 704**	962 974
Cash flows from investing activities		
Purchase of property, plant and equipment	**(4 496 478)**	(195 208)
Sale of property, plant and equipment	**17 060**	9 056
Purchase of intangible assets	**(2 181 981)**	(191 743)
Business combinations	**(6 826 281)**	-
Investment in associate	**-**	(500 000)
(Repayment)/receipt of loans	**49 368**	(841 087)
Net cash from investing activities	**(13 438 312)**	(1 718 982)
Cash flows from financing activities		
Net proceeds on share issues	**10 671 831**	4 252 950
Repayment of other financial liabilities	**(630 693)**	(3 518 298)
Proceeds from other financial liabilities	**10 933 550**	1 920 000
Net cash from financing activities	**20 974 688**	2 654 652
Total cash movement for the year	**12 293 080**	1 898 644
Total cash at the beginning of the year	**6 376 153**	4 635 636
Effect of exchange rate movement on cash balances	**195 055**	(158 127)
Total cash at end of the year	**18 865 288**	6 376 153

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

The Group and Company results for the year ended 30 June 2019 have been prepared using the accounting policies applied by the Company in its 30 June 2018 annual report which are in accordance with International Financial Reporting Standards (IFRS and IFRC interpretations) issued by the International Accounting Standards Board (“IASB”) as adopted for use in the EU (IFRS, including the SAICA financial reporting guides as issued by the Accounting Practices Committee and the Companies Act 2006 (UK). They are presented in Pound Sterling.

This financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements by Jubilee after that date to the date of publication of these results.

All monetary information is presented in the functional currency of the Company being Great British Pound. The Group’s principal accounting policies and assumptions have been applied consistently over the current and prior comparative financial period. The financial information for the year ended 30 June 2018 contained in this report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the

Registrar of Companies. The auditor's report on those accounts was unqualified did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

2. FINANCIAL REVIEW

Jubilee delivers outstanding results for the period under review. The Group reports revenue for the year of £ 23.59 million, 66.81% up from the comparative period. Operating profit of £ 4.87 million compared to £ 0.06 million for the comparative period.

The Group achieved positive earnings per share of 0.48 pence per share compared to a loss per share of 0.18 pence for the comparative period. Return on equity reached 10.5% compared to a negative return of 7.49% in the previous year. Total project attributable earnings almost doubled to £ 9.87 million.

The Group's balance sheet strengthened substantially, with total assets increasing by 47%, to £102 million. Total equity increased to £ 78.60 million, from £ 58.8 million a year earlier, maintaining a strong equity ratio of 77.11% compared to 84.70% in 2018.

The Group delivered strong cash flows from operating activities of £ 4.76 million compared to £ 0.96 million in the comparative period.

3. DIVIDENDS

The Board did not declare any dividends for the period under review. (2018: Nil)

4. AUDITOR'S REVIEW OPINION

These results have been audited by the Group's auditors, Saffery Champness LLP and their report is available for inspection at the Company's registered office. A copy of the report is also attached to the back of this announcement as annexure 1.

5. BOARD

There were no changes to the Board during the period under review.

6. SHARE CAPITAL AND SHARE PREMIUM

	Group	
	2019 **£s**	2018 £s
Authorised The share capital of the Company is divided into an unlimited number of ordinary shares of £0.01 each.		
Issued share capital fully paid		
Ordinary shares of £0.01 each	**18 553 007**	13 109 923
Share premium	**87 267 404**	80 955 150
Total issued capital	**105 820 411**	94 065 073

The Company issued the following shares during the period and up to the date of this annual report:

Date issued	Number of shares	Issue price – pence	Purpose
Opening balance	1 310 992 791		
14 December 2018	52 493 438	2.50	Acquisition
24 March 2019	491 814 444	2.25	Placing
Closing balance at year-end	**1 855 300 673**		

The Company did not issue any shares after year-end to the date of this report.

During the year cash transaction costs accounted for as a deduction from the share premium account amounted to £ 612 805 (2018: £ 247 500).

WARRANTS

At year-end and at the last practicable date the Company had the following warrants outstanding:

Number of warrants	Issue date	Issue price £s	Expiry date	Share price at issue date Pence
27 777 780	2018-01-19	0.06120	2023-01-19	3.55
29 166 665	2018-01-19	0.06120	2023-01-19	3.55
5 555 555	2018-01-19	0.06120	2023-01-19	3.55
2 777 778	2018-01-19	0.06120	2023-01-19	3.55
19 417 476	2018-12-28	0.03863	2023-12-28	2.40
12 944 984	2018-12-28	0.03863	2023-12-28	2.40
1 473 055	2019-03-20	0.03380	2021-03-20	2.45
99 113 293				

7. BUSINESS COMBINATIONS

Windsor Chrome Operations

On 10 December 2018 Jubilee announced that it has executed a sale and purchase agreement to acquire all of the chrome beneficiation assets including plant, equipment, intellectual property and all rights to the existing surface material estimated in excess of 1. 8 million tonnes (“Assets”) owned by PlatCro Minerals (Pty) Ltd (“PlatCro”) and associated companies (“the Target”), for a combined cost of £ 8.26 million (US$10.5 million) (“the Acquisition”). The business was acquired free from any historic liabilities.

The Assets acquired include:

- Plant and equipment offering processing capacity in excess of 75 000 tonnes per month
- All associated property including all rights to existing surface material
- All stock and materials accolated with operating the business

The aggregate purchase price for the Acquisition was settled by Jubilee on 7 January 2019. Jubilee took ownership and operational control of the Target on 7 January 2019. The purchase price was settled through a combination of own cash, debt and the issue of 52 493 438 new Jubilee shares (“Acquisition Shares”) at a price of 2.5 pence per share. Of the total purchase price, a total of £ 0.28 million is only payable upon completion of certain conditions precedent to the Acquisition.

Fair value of the purchase consideration, net assets acquired and gain on bargain purchase are as follows:

	Group 2019 £s
Cash	**6 826 281**
Ordinary shares issued	**1 183 202**
Contingent consideration	**280 001**
	8 289 484

The fair value of the 52 493 438 ordinary shares issued as part of the consideration paid was based on the published share price on 7 January 2019 of 2.5 pence per share. Issue costs of £ 59 175 directly attributable to the issue of the shares have been netted against the deemed proceeds.

The assets recognised as a result of the acquisition are as follows:

Land	**684 898**
Buildings	**637 954**
Plant and machinery	**3 678 512**
Motor vehicles	**574 565**
Total property, plant and equipment	**5 575 929**
Intangible assets	**1 441 709**
Inventories	**991 845**
Net identifiable assets acquired	**8 009 483**
Contingent asset acquired[1]	**280 001**
Net assets acquired	**8 289 484**

1. The contingent asset acquired represents the purchase of the issued shares of PlatCro for a consideration of £ 280 001 which is only payable upon the condition that PlatCro is able to successfully renew its mining right with the DMR. At the date of this report the mining right had not been renewed by the DMR.

There were no acquisitions in the previous period.

Revenue and profit contribution

The acquired assets contributed revenues of £ 5.72 million and attributable earnings of £ 1.94 million to the Group for the period from 7 January to 30 June 2019.

8. BUSINESS SEGMENTS

In the opinion of the Directors, the operations of the Group companies comprise of four reporting segments being:

- the beneficiation of Platinum Group Metals ("PGMs"), chrome and base metals and development of PGM smelters utilising exclusive commercialisation rights of the ConRoast smelting process, located in South Africa ("Base metals beneficiation");
- the evaluation of the reclamation and processing of sulphide nickel tailings in Australia and the development and implementation of process solutions, specifically targeting both liquid and solid waste streams from mine processes ("Business Development");
- the exploration and mining of Platinum Group Metals ("PGMs") (Exploration and mining); and
- the parent company operates a head office based in the United Kingdom, which incurs certain administration and corporate costs. ("Corporate").

The Group's operations span six countries, South Africa, Australia, Madagascar, Mauritius, Zambia and the United Kingdom. There is no difference between the accounting policies applied in the segment reporting and those applied in the Group financial statements. Mauritius and Madagascar do not meet the qualitative threshold under IFRS 8, consequently no separate reporting is provided.

Segment report for the year ended 30 June 2019

	Base metals beneficiation £s	**Business development £s**	**Exploration and mining £s**	**Corporate £s**	**Total Continuing operations £s**
Total revenues	**23 585 846**	**-**	**-**	**-**	**23 585 846**
Cost of sales	**(10 709 444)**	**-**	**-**	**-**	**(10 709 444)**
Forex losses	**(8 163)**	**(6 711)**	**-**	**246 226**	**231 352**
Share of loss from associate	**-**	**-**	**-**	**(865 489)**	**(865 489)**
Interest received	**21 802**	**-**	**207**	**8 050**	**30 059**
Interest paid	**(933 307)**	**-**	**-**	**(179 604)**	**(1 112 911)**
Loss before taxation	**4 357 520**	**(229 145)**	**(231 989)**	**4 049 881**	**7 946 266**
Taxation	**(15 870)**	**-**	**-**	**(954 101)**	**(969 971)**
Loss after taxation	**4 341 649**	**(229 145)**	**(231 989)**	**3 095 780**	**6 976 295**
Depreciation, amortisation and impairments	**(3 400 232)**	**(70 359)**	**(231 568)**	**-**	**(3 702 159)**
Total assets	**(43 389 556)**	**(15 872 277)**	**(25 885 711)**	**(16 894 725)**	**(102 042 269)**
Total liabilities	**15 602 932**	**3 343 970**	**1 398 627**	**3 006 927**	**23 352 457**

Segment report for the year ended 30 June 2018

	Base metals beneficiation £s	Business development £s	Exploration and mining £s	Corporate £s	Total Continuing operations £s
Total revenues	14 139 570	-	-	-	14 139 570
Cost of sales	(8 672 325)	-	-	-	(8 672 325)
Forex losses	(92 893)	-	-	(27 500)	(120 394)
Share of loss from associate	-	-	-	(308 451)	(308 451)
Interest received	22 526	-	263	2 797	25 586
Interest paid	(1 375 732)	-	-	-	(1 375 732)
Loss before taxation	(952 910)	(348 840)	(30 946)	(1 070 671)	(2 403 367)
Taxation	-	-	-	-	-
Loss after taxation	(952 910)	(348 840)	(30 946)	(1 070 671)	(2 403 367)
Depreciation, amortisation and impairments	(2 898 310)	(338 440)	-	-	(3 236 750)
Total assets	(25 555 593)	(14 016 052)	(25 325 043)	(4 540 056)	(69 436 744)
Total liabilities	5 393 954	3 305 224	1 376 573	558 265	10 634 016

9. GOING CONCERN

The financial position of the Group, its cash flows, liquidity position are disclosed in the financial statements. Jubilee's business strategy is based on three core business pillars:

1. Process business development

- Consists of a combination of targeted process consulting and business development, focused on the development and implementation of process solutions, specifically targeting both liquid and solid waste streams from mine processes.
- Our business development includes existing pilot operations as part of the process development cycle to provide mature solutions which includes extractive-metallurgy, pyro-metallurgy and hydro-metallurgy.
- This process has led to many previously non-viable environmental and metals recovery projects becoming commercially viable. We have experienced a very strong demand in Africa.

2. Operations

Jubilee owns and operates recovery plants for the recovery of metals and minerals, currently recovering precious metals including PGMs and Chrome and targeting base metals including lead, zinc, vanadium and copper.

3. Project Funding

Jubilee is able to provide funding to support its partners within smaller or larger companies to implement the waste recovery projects. The funding especially assists in instances where the company holding the mineral right prefers to be a passive investment partner.

Factors in support of the Group's treasury position are listed below:

- In March 2019 the Company successfully completed a placing of 491 814 444 new ordinary shares of 1 pence each in Jubilee at a price of 2.25 pence (ZAR 43.22 cents) per share raising approximately £ 11.07 million before expenses (ZAR 212.57 million) (Conversion rates applicable on the date of the announcement being 21 March 2019);
- The Group's current operating projects are cash generative and contributes to the treasury of the Group; and
- The Group meets its day-to-day working capital requirements through cash generated from operations. The Group's current operational projects are all fully funded and self-sustaining.

The current global economic climate creates to some extent uncertainty particularly over the trading price of metals and the exchange rate fluctuation between the US$ and the ZAR and thus the consequence for the cost of the company's raw materials as well as the price at which the product can be sold. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, commodity prices and currency fluctuations, indicates that the Group should be able to operate within the level of its current cash flow earnings forecasted for the next twelve months.

The Group is adequately funded and has access to further equity placings, which together with contracts with a number of high profile customers strengthens the Group's ability to meet its day-to-day working capital requirements, including its capital expenditure requirements. As a consequence, the directors believe that the Group is suitably funded and placed to manage its business risks successfully despite identified economic uncertainties.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, thus continuing to adopt the going concern basis of accounting in preparing the annual financial statements.

9. EVENTS AFTER THE REPORTING PERIOD

9.1 Acquisition of Sable Zinc Limited (Zambia)

As announced on 21 March 2019, Jubilee executed the acquisition of 100% of the issued capital of Sable Zinc Kabwe Limited in Zambia from two subsidiaries of Glencore plc "Glencore" for a consideration of £ 9.16 million (US$12 million) (ZAR 175.97 million) (the "Acquisition"). The Acquisition was funded through a combination of debt and equity. Jubilee secured a convertible loan note for £ 6.11 million (US$ 8 million) (ZAR 117.31 million) with ACAM LP and successfully completed a placing of 491 814 444 new Jubilee shares at an issue price of 2.25 pence per share to raise £ 11.07 million (US$ 14.50 million) (ZAR 212.57 million) before expenses.

On 23 August 2019 the Acquisition became unconditional ("Closing Date"), Jubilee obtained control and commenced with the implementation of a fully integrated multi-metal refinery in Zambia.

The consideration for the Acquisition is payable in stages as follows:

- US$ 6 000 000 within 5 business days after fulfilment or waiver of the conditions precedent to the share purchase agreement ("Closing Date");
- US$ 3 000 000 on the earlier of the date falling 30 days after the date of completion of the conversion of the Sable Zinc Kabwe plant to a zinc processing plant and the date falling 6 months after the Closing Date ("Second Instalment"); and
- US$ 3 000 000 on the earlier of the date falling 30 days after the date of commencement of commercial production and the date falling 6 months after the Second Instalment.

Jubilee's Kabwe Operations seeks to establish a fully integrated metal recovery and refining operational footprint in Zambia. The Project combines access to large surface material with the adjacent multi-metal refining capability. The Kabwe Operations resource comprises an estimated 6.4 million tonnes (3.2 million JORC compliant) of surface assets containing 356 843 tonnes of zinc, 351 386 tonnes of lead and 1.26% equivalent vanadium pentoxide. This excludes further third party sourced copper and zinc rich mined material for further refining. The adjacent Sable Zinc Refinery will be expanded to include a copper, zinc, vanadium and lead refining circuit based on Jubilee's extensive process development and optimisation works program. The Kabwe Operations will be implemented over three phases as outlined below.

Phase 1: Upgrade and commissioning of the copper refining circuit with a targeted capacity of 3 000 tonnes of refined copper per annum, targeting implementation during Q4 2019;

Phase 2: Implementation of both the zinc and vanadium refinery circuit with an initial targeted capacity of 8 000 tonnes per annum of zinc contained in a high grade zinc concentrate suitable for the market and 1 500 tonnes per annum of vanadium pentoxide, targeting commissioning of the zinc and vanadium refinery circuit during Q2 2020; and

Phase 3: Implementation of the lead refining circuit with an initial targeted capacity of 11 000 tonnes per annum of lead contained in a high-grade concentrate during Q2 2021.

The Kabwe Refinery process flowsheet offers flexibility with two separated fully equipped electro-winning circuits able to produce either high grade copper or zinc with only minor adjustments. The Company can allocate this refining capacity either to both metals individually or a combination of the two metals depending on the prevailing market conditions to maximise returns. Prior to taking ownership of the Sable Zinc Refinery, Jubilee actively pursued the completion of the project design and initiating final equipment selection to enable rapid implementation of the process flowsheet.

9.2 Acquisition of significant tailings

Jubilee owns and operates a chrome and PGM processing facility at Hernic with a processing capacity of 55 000 tonnes per month. The facility currently produces up to 9 000 tonnes of saleable chrome concentrate and 2 250 ounces of PGMs per month. Previously, Jubilee had a Co-Operation Agreement ("Hernic Agreement") with Hernic Ferrochrome (Pty) Ltd ("Hernic Ferrochrome"), whereby Jubilee had the rights to all PGM earnings from the tailings at Hernic until it secured a 30% return on investment, where after Hernic secured the majority of earnings. Under the Hernic Agreement, all of the chrome concentrate produced is returned to Hernic Ferrochrome for its own use or sale to the market. As announced on 24 October 2019, Jubilee has entered into a Framework and Tailings Purchase Agreement ("Tailings Agreement") with K2018239983 (SOUTH AFRICA) (PTY) LTD ("NewCo"), a subsidiary of one of the world's largest ferrochrome producers to acquire 100% of the rights to PGM earnings from the current and future tailings produced at Jubilee's Inyoni Operations (previously Hernic) located in the Bushveld Complex, South Africa. In addition to the current unprocessed 1.70 million tonnes of historical tailings at the Hernic Operations and the 630 000 tonnes of previously processed tailings, Jubilee has acquired the rights to a further c. 1 million tonnes of PGM rich material. The total consideration for all the PGMs contained in the historical tailings is c. US$ 5.1 million and will be settled from Jubilee's cash resources. Jubilee has also entered into an exclusive agreement with NewCo whereby NewCo may elect to include the sale of all further chrome rights to the chrome contained in all of the current tailings at Hernic at a predetermined value. The operations and assets of Hernic Ferrochrome are being acquired by NewCo and following entering into the Tailings Agreement with NewCo, the Hernic Agreement is terminated with immediate effect.

As announced on 5 November 2019, NewCo has exercised its rights in terms of the Exclusive Agreement announced on 24 October 2019, to sell all further chrome rights to the chrome contained in all of the historical tailings at Inyoni to Jubilee. Under the Exclusive Agreement, Jubilee has acquired 100% of all further chrome rights to the chrome contained in all of the historical tailings at Inyoni. The total consideration for all the chrome contained in the historical tailings is approximately US$ 16.39 million (at current conversion rates), which will be majority funded from Jubilee's existing cash and operating cash flows, together with project funding as necessary. The total consideration will be settled in three tranches, each 30 business days apart.

NOTICE OF ANNUAL GENERAL MEETING

The Company also hereby gives notice of its 2019 Annual General Meeting, which will be held on 6 December 2019 at 11:00 am UK time at Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG to transact the business as stated in the notice of Annual General Meeting. The Group's Annual Report for the year ended 30 June 2019 has been posted to the website, www.jubileemetalsgroup.com, with the notice of the Company's 2019 Annual General Meeting. Shareholders are advised that the Notice of Annual General Meeting, including a Form of Proxy, for the year ended 30 June 2019 has been posted to Jubilee shareholders today, 14 November 2019.

14 November 2019

For further information visit www.jubileemetalsgroup.com, follow Jubilee on Twitter (@Jubilee Metals) or contact:

Jubilee Metals Group PLC

Colin Bird/Leon Coetzer
Tel +44 (0) 20 7584 2155 / Tel +27 (0) 11 465 1913

Nominated Adviser - SPARK Advisory Partners Limited
Andrew Emmott/Vassil Kirtchev
Tel: +44 (0) 20 3368 3555

Broker - Shard Capital Partners LLP
Damon Heath/Erik Woolgar
Tel +44 (0) 20 7186 9900

Joint Broker – WHIreland

Harry Ansell/Katy Mitchell
Tel: +44 (0) 20 7220 1670/+44 (0) 113 394 6618

JSE Sponsor - Sasfin Capital (a member of the Sasfin group)

Sharon Owens
Tel +27 (0) 11 809 7500

PR & IR Adviser - St Brides Partners Limited

Catherine Leftley/ Beth Melluish
Tel +44 (0) 20 7236 1177

Annexure 1

Audit Opinion

We have audited the financial statements of Jubilee Metals Group Plc for the year ended 30 June 2019 which comprise the Group and Company Statements of Financial Position, the Group and Company Statements of Comprehensive Income, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group and parent company's profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter

<table>
<tr>
<td>Carrying value of intangible assets
The carrying value of intangible assets included in the Group’s balance sheet at 30 June 2019 was stated as £46.9m, contained within 2 cash generating units (“CGUs”).

The Directors assess at each reporting period end whether there is any indication that an asset may be impaired and intangible assets with an indefinite life must be tested for impairment on an annual basis. The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, requires judgement on the part of management in both identifying and then valuing the relevant CGUs, especially for projects where there is an uncertain timeframe.

Deferred tax liabilities are recognised on certain intangible assets following business combinations and these liabilities are re-evaluated at each reporting period end.

Any impairment in these CGUs could lead to consequent impairments of the parent company’s investments in subsidiaries or intercompany loans to these subsidiaries which at 30 June 2019 were carried at £36.9m and £52.4 respectively.

Due to the significance of the intangible assets to the consolidated financial statements, the significant judgements involved in these calculations and the potential impact on parent company investments and intercompany loans, the carrying value of intangible assets is a key audit matter.</td>
<td>Our audit procedures included the following:
Assessing whether the methodology used by the Directors to calculate recoverable amounts complies with IAS 36;
Assessing the viability of the platinum group elements (“PGE”) exploration asset by analysing CGU value in use cash flows and determining whether the input assumptions are reasonable and supportable given the current macroeconomic climate;
Performing sensitivity analysis on key assumptions and testing the mathematical accuracy of models;
Challenging inputs to models including comparison with external data sources;
Reviewing correspondence and other sources for evidence of impairment;
Reviewing the recoverability of intercompany loans within the parent company and indicators of impairment in investments in subsidiaries;
Assessing the appropriateness and completeness of the related disclosures in note 9, intangible assets, of the group financial statements; and
Recalculating the deferred tax liability relating to specific intangible assets and assessing applicable tax rates.
Understanding the nature and basis of the recognition of new intangible assets relating to the Kabwe and Windsor operations.
Based on our procedures, we noted no material exceptions and considered management’s key assumptions to be within reasonable ranges.</td>
</tr>
</table>

Revenue recognition Revenue for the year was £23.6m, representing a significant increase on 2018. 2019 saw the acquisition of the Windsor Chrome project which contributed new revenues alongside Hernic and DCM. The revenue recognised is derived from platinum group metals (“PGM”) concentrate and chromite concentrate sales. The Group also adopted IFRS 15 *Revenue from Contracts with Customers* for the first time. Even though the Group concluded that the implementation of IFRS 15 resulted in no change to the timing of revenue recognition, this represents a change in approach to the recognition of revenue and required an updated impact assessment by reference to the Group’s existing contracts and the performance conditions placed on Jubilee within those contracts. For the sale of chromite concentrate and PGM concentrate, the Group’s revised revenue accounting policy is set out in note 1.12. Due to the significance of revenue to the consolidated financial statements, the first year of revenues from Windsor Chrome and the judgement involved in estimating consideration receivable and this being the first year of adoption of IFRS 15, revenue recognition is a key audit matter.	Our audit procedures included the following: • Obtaining the Group’s IFRS 15 impact assessment and considering this in detail by reference to the Group’s underlying contracts with customers and performance conditions set out therein; • Evaluating the Group’s revenue recognition policy and management’s current year accounting assessment for the fair value of consideration receivable based on the contracts entered into; • Confirming the implementation of the Group’s policy to the Hernic, DCM and Windsor projects by performing tests to confirm our understanding of the process by which revenue is calculated; • Confirming that fair value measurements are determined in accordance with IFRS 13; • Comparing foreign exchange rates used in management’s calculations; • Substantive tests agreeing concentrates and underlying calculations to independent sources; and • Assessing the appropriateness of the related disclosures in notes 1.12 and 3, *revenue recognition accounting policy* and *revenue split by commodity*, of the group financial statements. Based on our procedures, we noted no material exceptions and considered management’s key assumptions to be within reasonable ranges. We consider that revenue recognition has been recognised appropriately and is in accordance with the Group’s revenue recognition policy and IFRS 15.
Accounting and disclosure of convertible debt During the year, Jubilee entered into a funding agreement with ACAM LP for $8m to finance its post balance sheet acquisition of Sable Zinc as part of its development of the Kabwe Project. Under the agreement, ACAM have the option to convert the loan and unpaid interest into convertible loan notes with a fixed conversion price of 2.81p per share.	Our audit procedures included the following: • Obtaining the funding agreement with ACAM LP to determine the key features, terms and conditions; • Reviewing management’s proposed treatment and basis for this; • Challenging the Directors’ assessment of the applicable interest rate on an equivalent loan without the conversion option and review of this by reference to

<table>
<tr><td>Jubilee have the option to repay early the loan which will trigger the issue of warrants with a value equal to 50% of the amount of the loan and accrued interest outstanding, divided by 2.81p.

Due to the significance of the loan and the complexities in assessing its treatment, the accounting and disclosure of the convertible loan is a key audit matter.</td>
<td>external data and the Group’s wider portfolio of funding arrangements;
• Reworking and recalculating management’s effective interest rate calculations based on contractual cash flows and analysis of the relevant direct costs associated with the loan;
• Recalculating and agreeing with management the resulting equity component and considering its treatment within equity on the Statement of Financial Position;
• Ensuring that the necessary accounting adjustments were reflected in the group financial statements;
• Reviewing the application of exchange rates in the loan workings and assessing the appropriateness of the loan treatment by reference to IAS 32;
• Reviewing the disclosure requirements to ensure adequate disclosure was given in the financial statements.

Based on our procedures, we noted no material exceptions and considered the accounting and disclosure of the convertible loan, as amended, to be reasonable.</td></tr>
<tr><td>Accounting and disclosure of the Group’s option over Enviro Mining Limited

During the year the Group entered into updated shareholder and operator agreements with BMR Group Plc in respect of the operation of the Kabwe Project.

These agreements took Jubilee’s interest in Kabwe Operations Limited, the entity operating the project, from 15% to 87.5%. Jubilee acquired the additional interest in exchange for a commitment to execute the improved methodology for the exploitation of the project as well as project funding.

A further feature of the agreement was to assign Jubilee an option to acquire, at no additional cost, 100% of the share capital of Enviro Mining Limited, a subsidiary of BMR Group Plc and which owns the share capital of Enviro Processing Limited, a company which holds rights to access the material at Kabwe.</td>
<td>Our audit procedures included the following:
• Discussing with management their view of the appropriate accounting treatment of the overall transaction;
• Challenging management’s assessment of whether the gaining of control of Kabwe Operations Limited represents a business combination;
• Reviewing the underlying updated operating and shareholder agreements to understand key terms;
• Understanding the assets held within Enviro Mining and Enviro Processing and the nature of the small-scale mining licence held therein; and
• Critically evaluating the cash flow model relating to the Kabwe Project used to value the shares of Enviro Mining and challenging key assumptions including the discount rate applied, royalty rates, total forecast material processed and capital requirements;</td></tr>
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<td>
If and when Jubilee exercise that option, BMR Group plc will pass its 12.5% interest in Kabwe Operations Limited to Jubilee and will instead be entitled to a 12.5% royalty from project earnings once Jubilee have achieved a 20% return from the project and other conditions are met.
At the year-end Jubilee held the option over Enviro Mining Limited and therefore recorded the option as a financial asset measured at fair value. Deriving that fair value required significant judgement and therefore the recognition of this option was considered a key audit matter.
</td>
<td>

Understanding the rationale for an overall valuation discount applied to reflect the pre-production stage of the project, the inherent uncertainties and the fact that the Sable Zinc refinery had not been acquired at the time the model was prepared;
Assessment of the appropriate deferred tax treatment associated with the fair value uplift on the asset.

Based on our procedures, we noted no material exceptions and considered the accounting and disclosure of the financial asset to be appropriate.
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<td>
Accounting and disclosure of the acquisition of Windsor Chrome trade and assets
During the year the Group acquired the trade and assets of an existing trading operation at Windsor Chrome. That acquisition was treated as a business combination as the deal encompassed operating plant, land, stock, intellectual property, other associated assets as well as employees at the site.
The total consideration for the acquisition was set at $10.5m subject to various adjustment mechanisms and was met through the issue of new shares as well as cash. The cash element was met through a combination of existing funds and debt funding.
The recognition of the transaction as a business combination required an assessment of the fair values of the assets acquired as well as the consideration issued.
Due to the various judgement areas involved we consider this transaction to be a key audit matter.
</td>
<td>
Our audit procedures included the following:

Discussing with management their view of the appropriate accounting treatment of the overall transaction;
Obtaining and reviewing the underlying acquisition documents and identifying the key terms of the transaction;
Understanding the rationale for meeting the definition of a business combination under IFRS 3 and testing those assertions to the facts;
Obtaining management’s register of assets acquired and their associated fair value assessment;
Physical verification of assets at the Windsor site;
Reviewing and recalculating the fair value of cash and shares issued in consideration;
Reviewing external evidence available in respect of the fair value of assets acquired;
Considering any evidence of impairment by reference to future cash flow models associated with the Windsor Chrome operation including in respect of volume of material processed and discount rates;
Reviewing the disclosure requirements to ensure adequate disclosure was given in the financial statements.

Based on our procedures, we noted no material exceptions and considered the accounting and disclosure of the business combination to be appropriate.
</td>
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Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our audit opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

We have determined a materiality of £1,000,000 (2018: £600,000) for both the Group and Company financial statements. This is based on 1.5% of net assets per draft financial information at the planning stage. We did not consider there to be any reason to revise materiality during the audit.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we obtained sufficient evidence to support our opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls and the industry in which the Group operates.

As Group auditors we carried out the audit of the Company financial statements and, in accordance with ISA (UK) 600, obtained sufficient evidence regarding the audit of seven subsidiaries undertaken by component auditors in South Africa and Mauritius. These seven subsidiaries were deemed to be significant to the Group financial statements either due to their size or their risk characteristics. The Group audit team directed, supervised and reviewed the work of the component auditors in South Africa and Mauritius, which involved issuing detailed instructions, holding regular discussions with component audit teams, performing detailed file reviews and visiting South Africa to attend local audit meetings with management. Audit work in South Africa and Mauritius was performed at materiality levels of £100,000, lower than Group materiality.

We also reviewed the audit work performed by a component auditor on one material associate whose results are equity accounted in the financial statements. That associate has a different reporting period to the Group and therefore we performed additional work to gain comfort on the results of the associate for the relevant period.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jamie Cassell (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

14 November 2019

Annexure 2 - Headline earnings per share

Headline earnings per share ("HEPS") is calculated using the weighted average number of shares in issue during the period under review and is based on earnings attributable to ordinary shareholders, after excluding those items as required by Circular 4/2018 issued by the South African Institute of Chartered Accountants (SAICA).

In compliance with paragraph 18.19 (c) of the JSE Listings Requirements the table below represents the Group's Headline earnings and a reconciliation of the Group's loss reported and headline earnings used in the calculation of headline earnings per share:

Reconciliation of headline earnings per share

	30 June 2019		30 June 2018	
	Gross £'000	**Net £'000**	Gross £'000	Net £'000
Earnings/(loss) for the period attributable to ordinary shareholders		**6 994**		(2 115)
Fair value adjustments of other financial assets	**(5 022)**	**(3 616)**	–	–

Share of impairment loss from equity accounted associate	**783**	**564**	93	67
Impairment of intangible assets	**231**	**166**	622	448
Headline earnings/(loss) from continuing operations		**4 108**		(1 600)
Weighted average number of shares in issue ('000)		**1 466 128**		1 203 479
Diluted weighted average number of shares in issue ('000)		**1 475 698**		1 203 479
Headline earnings/(loss) per share from continuing operations (pence)		**0.28**		(0.13)
Headline earnings/(loss) per share from continuing operations (ZAR cents)		**5.14**		(2.31)
Diluted headline earnings/(loss) per share from continuing operations (pence)		**0.28**		(0.13)
Diluted headline earnings/(loss) per share from continuing operations (ZAR cents)		**5.11**		(2.31)
Average conversion rate used for the period under review £:ZAR		**0.05452**		0.05759