

### Press Cuttings

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#### **IDC, Pallinghurst, Bakgatla create new PGM producer**

Pallinghurst Resources, the Industrial Development Corporation and Bakgatla have formed a strategic partnership to create a major new platinum group metals producer.



Image: Business Day  
Industrial Development Corporation CEO Geoffrey Qhena

The partnership involves the consolidation of platinum group metals (PGM) interests controlled and owned by Pallinghurst and the Bakgatla and will see the creation of a large, shallow and low-cost mining complex, with long life - in excess of 30 years.

The partners are also to form a joint venture to explore and fund opportunities for PGM beneficiation and processing.

The entity will be an unhedged and debt-free producer, with a healthy balance sheet, including cash of US\$500 million.

The Industrial Development Corporation (IDC) has made a R3.24 billion (US\$420 million) investment for a 16.2% interest in the consolidated entity.

The venture represents a major investment in the platinum mining and beneficiation industry that will see the creation of a significant PGM company in the North West Province.

The investment will be into a newly consolidated company, NewCo, which has the potential to create some 9,000 direct and permanent jobs.

The venture has a promising strong growth profile. NewCo's resource base is approximately 70 million 4PGM ounces and the majority of these ounces are shallower than 600 metres, making this one of the safest and most energy efficient new generation PGM operations in the world.

The R3.24 billion transaction brings about the consolidation of a number of important PGM properties around the Pilanesberg Platinum Mine. In addition, the IDC and the parties will form a joint venture to develop and fund PGM beneficiation opportunities in the region.

Announcing the partnership, IDC CEO Geoffrey Qhena said: "This strategic partnership between the IDC and Pallinghurst will certainly transform the local platinum mining and beneficiation landscape."

"The IDC's equity funding is the catalyst that is required to implement the consolidation plan that has been developed by Pallinghurst over the last five years. This will assist the consolidated PGM entity to become one of the major PGM players within five years. The investment is attractive to the IDC as the PGM consolidated entity will benefit from shallow resources which will allow for safe and cost efficient mining."

"This investment is the first step in developing downstream beneficiation of PGM's and demonstrates the IDC's commitment to the development of South Africa's mineral beneficiation industry," he said.

The IDC's total exposure to the mining industry is R45 billion.

The Chairman of Pallinghurst and Platmin, Brian Gilbertson, commented: "This is the fourth time that I have had the privilege of partnering with the IDC. As with the others, this PGM partnership is intended to create an industry-transforming entity, generating capital investment and jobs for South Africa.

"We are proud to welcome the IDC as a cornerstone shareholder at this pivotal time. The IDC's involvement will ensure the consolidated company is well positioned to become the next major producer in the strategically important platinum industry."

His Royal Highness Kgosi Pilane of Bakgatla Ba Kgafela Traditional Community in SA, a 27% shareholder in the post consolidated company, said: "The transaction has crystalised the vision always held by the Bakgatla Ba Kgafela to develop a regional PGM mining leader which will create wealth and jobs, which will also be used as a catalyst for the other developments to benefit the entire community. It is significant for our 350,000 strong Bakgatla Ba Kgafela Tribe, by not only creating additional permanent jobs in the region, but also providing the financial engine for further upliftment of our community."

CEO of Pallinghurst, Arne Frandsen said: "This consolidation has been almost five years in the making and represents an exciting development for all stakeholders. The IDC's equity investment will allow NewCo to remain debt-free with a strong balance sheet, thereby providing financial security to execute our unique growth opportunities. Our beneficiation partnership with the IDC has the potential to transform the PGM smelting industry and to provide third party juniors access to cost-efficient concentrate processing."

