

Press Cuttings

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IDC helps platinum consolidation

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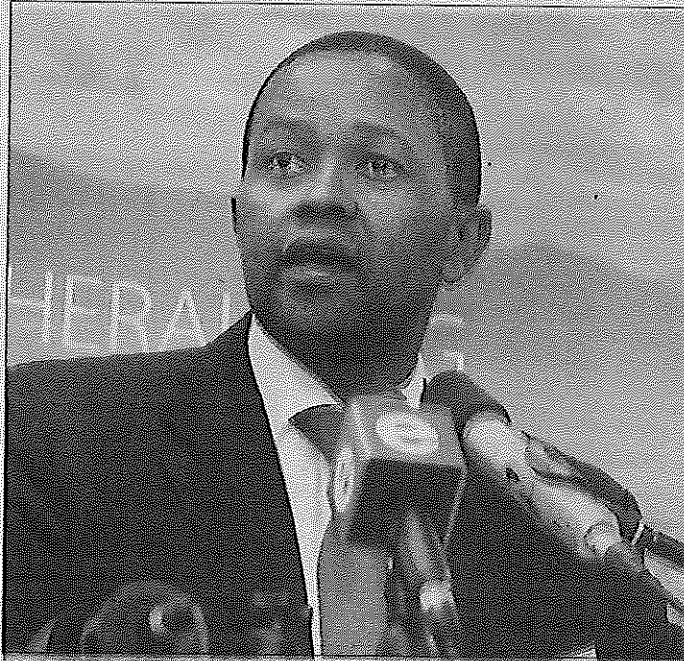
THE CONSOLIDATION of junior platinum mines in the Bushveld Complex after a multibillion-rand injection from the Industrial Development Corporation (IDC) and international investors was expected to create a top platinum group metals (PGMs) producer in five years, Brian Gilbertson, the chairman of Pallinghurst Resources, said yesterday.

The newly consolidated company, called NewCo for now, will merge mines in the North West co-owned by the Bakgatla Ba Kgafela community and Pallinghurst.

Pallinghurst owns 42 percent, the Bakgatla 27 percent, the IDC 16 percent, and other shareholders 15 percent.

The IDC's shareholding is equivalent to R3,24 billion in new ordinary shares.

IDC chief executive Geoffrey Qhena said: "This strate-



Industrial Development Corporation chief executive Geoffrey Qhena announces a platinum mining and beneficiation project with Pallinghurst and the Bakgatla yesterday.

PHOTO: SIMPHE MPOKAZI

gic 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."

An estimated 9 000 jobs will be created at the new firm, which will be listed on the JSE in the next year, according to Gilbertson, one of the founders of the merged BHP Billiton.

NewCo combines the Pilanesberg, Sedibelo and Magazynskraal mines, with about 70 million ounces of PGMs and a 30-year life span. Blue chip shareholders include the IDC, Singapore's state-owned Temasek, and Dutch pension fund administrator APG.

Arne Frandsen, the chief executive of Pallinghurst, said NewCo's advantage was that its mining ounces were shallower at 600m, compared with industry majors whose sources were approaching a depth of 2km.

NewCo would exploit beneficiation opportunities by using new power-saving technology that was less harmful than conventional platinum smelting.

The initial focus would be on the Kell process, which used less than a fifth of the energy of conventional PGM smelting. The Kell process used 140 kilowatts to produce a ton of concentrate compared with 1 000kW a ton for existing technology, explained its developer, Keith Liddell.

Frandsen said NewCo would be unhedged, debt free and have in excess of \$500 million

(R3.9 billion) in cash.

The Bakgatla, a community of 350 000 people living in the Pilanesberg area, contributed R1bn in cash towards NewCo.

"The transaction has crystallised the vision held by the Bakgatla Ba Kgafela to develop a regional PGM mining leader that will create wealth and jobs," said Kgosi Nyalala Pilane of the Bakgatla Ba Kgafela Traditional Council.

The Bakgatla have been sharply divided over the endowment of the vast platinum reserves, dividends and royalties from Pallinghurst. Some community members are contesting Pilane's legitimacy. Pilane said: "There are a few people who are not on board because of individual interests."

Pallinghurst leapt 9 percent to R3.38 on the JSE yesterday.