

Press Cuttings

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UPDATE:Pallinghurst Partners To Create Top-4 Global Platinum Producer

- New company to become a top-4 global PGM producer within 5 years
- New company to have PGM resource base of 70 million ounces, more than 30 year mine life
- New company valued at US\$3 billion based on IDC's investment
- New company to be debt free and have cash of \$500 million, to create a PGM beneficiation and processing JV

(adds details)

By Alex MacDonald

Of DOW JONES NEWSWIRES

LONDON -(Dow Jones)- A consortium led by South Africa-listed Pallinghurst Resources Ltd. (PGL.JO) announced Thursday the creation of a new South African platinum producer that is set to become a top-four global producer in four to five years.

Pallinghurst, a global natural resources investment consortium, has agreed with the Bakgatla Ba Kgafela Tribe in the northwest province of South Africa and independent, mid-tier platinum producer Platmin Ltd., to merge their platinum group of metal assets in the region to form a new company whose name has yet to be disclosed.

The new company will have a PGM resource base of 70 million ounces and a mine life of more than 30 years, the partners said in a statement. It would also be debt-free with a \$500 million cash position thanks to a cash injection from South Africa's Industrial Development Corp., a development finance institution established by the South African government.

The IDC has agreed to purchase a 16.2% stake in the new company for 3.24 billion rands or \$420 million plus warrants equal to another 4% stake in the company. The partners said that IDC's investment values the new company at ZAR23.24 billion or about \$3 billion.

"This strategic partnership between the IDC and Pallinghurst will certainly transform the local platinum mining and beneficiation landscape," said IDC Chief Executive Geoffrey Qhena, noting that IDC's equity funding is the catalyst to implement the consolidation plan which has been five years in the making.

"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," he added.

The new company will operate a mega-mine created from the merger of three existing shallow PGM mines that are situated on the western limb of the Bushveld complex, just south of Anglo Platinum Ltd.'s (AMS.JO) Union mine. Anglo Platinum, a unit of Anglo American PLC (AAL.LN) is the world's largest platinum producer accounting for some 40% of global annual production.

The new company's resource base includes 12 kilometers of shallow-dipping strike length, most of which is mineable through open-cast and inclines that allows for safe and cost-efficient mining.

Whereas new platinum projects tend to reach depths of 2,000 meters, most of the new company's resource base is shallower than 600 meters, resulting in a safer mining environment and less expenses associated with electricity intensive ventilation and refrigeration needed for deep, underground mining.

The new company will count on Brian Gilbertson, the current chairman of Pallinghurst and the former CEO of globally diversified miner BHP Billiton Ltd (BHP), as part of its leadership team. Gilbertson spear-headed the mega-merger between BHP and Billiton in 2001.

Pallinghurst and its partners will also create a joint venture with the IDC to explore, and ultimately fund, opportunities in PGM beneficiation and processing.

The partners expect the transactions to be completed during the second quarter of this year and plan to provide a memorandum that will be sent to Platmin's shareholders in the near future.

At 1036 GMT, Pallinghurst shares were up 9.7% or ZAR0.30 at ZAR2.40 a share.