

Press Cuttings

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New platinum mine aims for energy efficiency

LISA STEYN - Mar 29 2012 15:22

A new joint mining venture in South Africa aims to provide the foundation for a shallow and low-cost mining complex with a resource base of 70-million ounces of platinum group minerals (PGM).

The Industrial Development Corporation (IDC), the Pallinghurst Investor Consortium, Platmin and the Bakgatla Ba Kgafela tribe on Thursday announced the conclusion of a transaction which will consolidate several important platinum group minerals (PGM) properties around the Pilanesberg platinum mine.

The investment will be realised through a newly consolidated company named NewCo.

The mine, which is expected to have a life of over 30 years, also has the potential to create 9 000 jobs.

Arne Frandsen, Pallinghurst CEO, said the problem of depth and associated safety hazards would not be an issue for NewCo as, uniquely, the majority of these resources is shallower than 600 metres -- "making it one of the safest and most energy efficient new generation PGM operations in the world".

The mine hopes to make use of the "Kell Process", which uses only one-fifth of the energy used in conventional PGM smelting.

Keith Liddell, a Platmin director, has worked on the concept for over 10 years and owns the patent. Brian Gilbertson, chairperson of Pallinghurst said they had not yet committed to "any specific process" the primary focus is on the Kell Process and putting it through the strides. Should it prove successful in a larger bulk test over a three to six month period, a plant could be up and running as soon as 2014.

This resource base will be mined for 15 years before going underground. And even then, the deepest it is expected to go is 11 metres.

Gilbertson said PGM is vital to the world economy and is found in the final product or during the manufacturing process of 20% of all consumer goods. "A strong demand has been growing, but supply has been constrained," he said.

Major players in the industry have struggled to meet forecasts and their balance sheets are stretched but NewCo said it will have a net asset value of R23.2-billion. It will be unhedged and debt-free, with a balance sheet in excess of US\$500-million.

In the next five years, production of 750 000 ounces is expected from the western limb of the mine, and a possible 400 000 ounces from the eastern limb.

"We will become a major new player and will be able to sustain that level of production for years to come," Frandsen said.

NewCo will be listed on the Johannesburg Stock Exchange within the next 12 months, and either the Hong kong "and/or" the London Stock Exchange.

The new venture will also look at a beneficiation process that could very well be "industry transforming", Frandsen said.

The IDC, one of the oldest development finance institutions in the world, has invested over R3-billion in the project -- the single largest investment made in recent years -- and will have a direct shareholding of 16%. The Bakgatla tribe will have 27%, Pallinghurst 42% and other shareholders will constitute 15%.

Kgosi Pilane, of the 350 000-member Bakgatla Ba Kgafela Traditional Community, said the community has faced numerous problems such as unemployment, poor education, inadequate infrastructure and environmental degradation. Mining is vital in achieving their goals, which include agricultural development, growing the local tourism sector, and creating an industrial hub.

He said, "We want to create a mining community, together with the establishment of long-term alternative economic activity that will be sustained long after mining productivity has ceased."