

Press Cuttings

Date : 30 March 2012
Publication : Mining Weekly-online
Journalist : Martin Creamer

IDC invests big in Gilbertson/Frandsen new-look platinum integration

By: Martin Creamer
29th March 2012
Updated 2 minutes ago

JOHANNESBURG (miningweekly.com) – South Africa's State-owned Industrial Development Corporation (IDC) has made its biggest single investment in five years - R3.24-billion - in Platmin's comeback as an integrated mining and beneficiation Newco.

The delisted Platmin now has a ten-times enhanced production target of 1.1-million ounces of platinum-group metals (PGMs) a year from 2016/17 off a JSE investor base that may be augmented by listings in Hong Kong and London.

Pallinghurst chairperson **Brian Gilbertson** and CEO **Arne Frandsen** have turned Newco into a regionally optimised 30-year-life mega mine on the Pilanesberg properties on the western limb with three strategically located exploration prospects on the eastern limb of the Bushveld Complex.

All the resources are shallow, safe and cheaper to mine.

Simultaneously, the Newco is again combining with the IDC, Pallinghurst and third parties to drive South Africa's long-held aspiration of value-adding beneficiation that will make use of a process that needs only one-fifth of the electricity of conventional PGM smelting.

Newco is sitting on R4-billion cash, has no debt and retains its blue-chip Dutch APG pension fund and Singaporean Tamasek sovereign fund shareholders.

The R1-billion-plus cash investment of the Kgosi **Molefe J Pilane**-led 350 000-strong Bakgatla Ba Kgafela empowerment partnership is fully paid up and debt-free and 9 000 jobs are expected to be in the offing as the new era of platinum mining and beneficiation unfolds.

Pallinghurst has in turn invested more than R7-billion into PGM mining in South Africa.

Newco will be putting its foot on the production accelerator at a time when analysts are warning of supply constraint and the world is growing increasingly dependent on PGMs, 80% of which is supplied from South Africa.

Consolidated on the west are three separate contiguous assets and strategic on the east are resources that are a natural extension of neighbouring properties held by Nkwe/Xstrata and Lonmin platinum miners.

The total resource hosts 70-million PGM ounces, most of which are shallower than 600 m.

The R3.24-billion investment buys the IDC a 16.2% interest in the consolidated entity that may soon begin knocking on the door to take up the number-four position in South Africa's platinum mining hierarchy.

Potentially industry transforming is the status of Newco as an independent beneficiation company that intends to open up processing and value-add opportunities to junior PGM miners using the Kell process developed by Platmin director **Keith Liddell** that consumes 80% less electricity.

To smelt a ton of concentrate takes 1 000 kWh/t compared with the Kell hydrometallurgical process's 140 kWh/t and reduces greenhouse-gas emissions.

Smelting produces 1 400 kg of carbon dioxide a ton of concentrate smelted compared to the Kell process's 400 kg.

The process allows for Newco to produce its own PGM metals without having to invest in a smelter.

The Kell process has already been tested on the concentrates arising from the Platmin operation and a larger bulk test is anticipated over the next six months.

The process itself makes use of three standardised units that are in widespread use throughout the PGMs sector and a commercial plant could be erected in a year.

"By 2014, we could have one of these plants up, not only processing our expanding output, but also processing the material of other junior producers who may want to come into the system," Gilbertson told *Mining Weekly Online*.

IDC CEO **Geoffrey Qhena** said the investment was attractive to the IDC as the PGM consolidated entity would benefit from shallow resources which will allow for safe and cost efficient mining.

He saw the investment as a first step in developing downstream beneficiation of PGMs and demonstrated the IDC's commitment to the development of South Africa's mineral beneficiation industry.

The IDC has R100-billion on its balance sheet and its total exposure to the mining industry is R45-billion.

The Bakgatla Ba Kgafela has a 27% shareholding in the post-consolidated company.