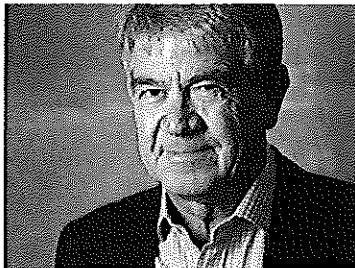


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Brian Gilbertson, chairman, Pallinghurst Resources

Pallinghurst shows its hand on Platmin

André Janse van Vuuren | Thu, 29 Mar 2012 10:44

[miningmx.com] -- PALLINGHURST Resources on Thursday showed why it delisted subsidiary Platmin in December, announcing it has consolidated its platinum interests with those of the Bakgatla community to create a new PGM player in the Pilanesberg region. The new entity, called NewCo, would also receive a R3.24bn investment from the Industrial Development Corporation in return for a 16.2% stake. The Bakgatla would hold a 27% shareholding in the post-consolidated company.

The company would start off as an unhedged and debt-free producer, with a balance sheet that includes \$500m in cash. NewCo would consist of the following properties: the Pilanesberg Platinum Mine (Platmin's operational assets), the Sedibelo platinum project which is owned by the Bakgatla as well as the Magazynskraal project. "This consolidation provides the foundation for a large, shallow and low-cost mining complex, with long life (in excess of 30 years) and a promising growth profile," read a Pallinghurst announcement. "NewCo's resource base is approximately 70 million 4PGM ounces and, uniquely, 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." It hopes to be a top-4 producer within four to five years.

In addition, the IDC and the parties will form a joint venture to develop and fund beneficiation opportunities in the region. "This consolidation has been almost five years in the making," said Pallinghurst CEO Arne Frandsen. "Our beneficiation partnership with the IDC has the potential to transform the PGM smelting industry and to provide third party juniors access to cost-effective concentrate processing."

Pallinghurst chairman Brian Gilbertson said in December that Platmin's delisting from the TSX and JSE was a precursor to the company's long-planned consolidation of three properties in the western limb of the Bushveld Complex.

"We said we wanted to consolidate [in the region] and this is it. It's the dawning of that plan. But it's difficult to get it done under that [Platmin's] structure," Gilbertson said at the time.