

Press Cuttings

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NewCo's Platmin in healthy state

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[miningmx.com] -- THE ramp-up problems that have beset Platmin are a thing of the past, according to Chairman Brian Gilbertson, who said on Thursday the mine would achieve its annualised production target of 250,000 oz by the end of 2012. Platmin's Pilanesberg platinum mine would soon form part of NewCo, a new company that embodies Gilbertson's long-held aim of consolidating the various PGM-bearing properties in the Pilanesberg area.

When Platmin was previously listed, the mine became notorious for production and ramp-up delays due to, among other things, waste-stripping difficulties and labour unrest, and was only now approaching an annualised output figure of 120,000 oz, according to Gilbertson. "Platmin's startup has been slow, but there is no reason to deviate from our forecast [of 250,000 oz annualised] by the end of the year." The Pilanesberg platinum mine would be the only existing operational asset of NewCo, but Gilbertson said the development of a second open-pit operation on the current Sedibelo property would be a priority.

Newco's likely third operational mine would be based on Magazynskraal, extending into Sedibelo. It would also start out as an open-pit operation, before extending into deeper levels at a later stage.

"No board [of the new entity] has so far signed off on these plans; we're creating this [Newco] to have a single brain for decision-making," he said.

Having succeeded in consolidating the Pilanesberg mine, Sedibelo and Magazynskraal properties into one entity, Gilbertson said the company would not only benefit from shared infrastructure and mining continuous orebodies, but also from financing the development of one project with the cash flows of another.

"If you do it in a phased sequence you minimise the cash outflow," he said. "Consolidation gives you efficiency; non-consolidation gives you inefficiency."

Newco would have Pallinghurst (42%), the Bakgatla community (27%) and the IDC (16%) as main shareholders. The shareholding was calculated according to a formula that took the respective parties' cash contributions and value of their respective properties into account. The IDC's stake would be based on a R3.24bn investment, enabling the company to start off debt-free with \$500m in available cash resources. NewCo would have a post-consolidation valuation of R23.24bn. Other properties include three projects on the Eastern Limb, being Mphahlele, Grootboom and Loskop.

The new company hopes to be a top-4 producer within four to five years, targeting 1.1 million ounces in output. According to Pallinghurst CEO Arne Frandsen, Newco would eventually list on either the London or Hong Kong stock exchanges, with another listing in Johannesburg