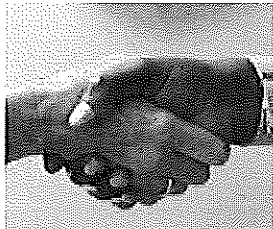


**Press Cuttings**

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**Pallinghurst & IDC in joint venture: Brian Gilbertson - chairman, Pallinghurst Resources**

***THE CREATION OF A R23BN PLATINUM MINING BUSINESS TO RANK AS NO 4 IN THE WORLD.***

**ALEC HOGG:** It's a warm welcome to Brian Gilbertson, the executive chairman of Pallinghurst Resources, the engineer behind today's big deal. A very big deal it is, consolidating three platinum projects close to Sun City into a super-mine, shallow, lots of reserves. And interesting, you are capitalising at R23bn, which is almost the same as Lonmin, which has been around for a long, long time. Their market cap is about R26bn.

But you do say, and we'll talk about the specifics for investors in just a moment, that this is the fourth time that you've got together with the Industrial Development Corporation to create something. This is quite spectacular – were the other ones as big?

**BRIAN GILBERTSON:** Well, at the time they certainly were. You may remember that two of those were in the aluminium industry, when we built those big smelters firstly in Richards Bay and then of course at Mozal in Mozambique. They were quite an industry-transforming transaction because we'd used a completely different technology, the French Pechiney technology, compared to the Alcoa, which had been used before then. And the plants came on on time, ahead of schedule, under budget. And so that was a very successful partnership. We wouldn't have been able to do that without the IDC's involvement.

And before that, the IDC was a very important developer in the growth of the Richards Bay minerals...which went through a very difficult start but ultimately became a very successful one.

So the IDC in my experience is a wonderful partner to have, very thorough, very detailed in their approach. They look at the investments fundamentally and they look forward to seeing a carefully prepared plan delivered. Now, in this particular case with them coming in, the consolidated vehicle, which I should add has been a long time in the making – we have been working on consolidating those properties for more than four years now – this is really a culmination of that. But with the IDC investment coming in, it makes possible the completion of the funding which is needed to develop that entire regional optimised mine as opposed to the only mine that's operating at the moment, which on the Western side of this, called Platmin. That brings in the funding that is needed to create the 9 000 jobs to make the investment in the infrastructure. We've made specific reference to the beneficiation process and all of this is made possible by the IDC joining in as a 16% investor.

**ALEC HOGG:** And you have a track record with them. But no doubt it was a little easier for you to get them to come to the party. A question though – is this also an industry-transforming transaction? We have got Anglo Platinum and Impala Platinum obviously in the area, and Lonmin. Would you find it difficult to describe it in that way?

**BRIAN GILBERTSON:** Look, I think the difference here is some of the earlier conversation was about the state of health of the platinum industry, and I declared my views up front. I think that long term the demand for platinum is going to be very strong. Most people think of platinum maybe as a precious metal, but really it is an industrial metal and many key things that we see as part of everyday life just cannot be done or happen without the platinum group metals being there. So in the long term the demand will be strong as economic growth takes place around the world.

On the other hand, on the supply side, it is well known that it is constrained. It is very difficult – 80% of the world's reserves sit on the Bushveld Complex and it's this enormous saucer which comes up to the surface. So you start from shallow mining. But, over the years, over the decades that have gone by, these mines are getting deeper and deeper. And when you are down a kilometre, two kilometres, and you have to open up, do the development at those kinds of depths, take the people up and down, it is not the friendliest environment to do that in, and it's not the cheapest environment to do it in. So what we have here is a large reserve in the consolidated entity, effectively much of it on the surface, accessible through surface mining. And so for the first 12, 15 years of the life it will be open-cast mining, and only then on the eastern side starting to move down into the deeper areas, with the associated benefits of operating costs and importantly of safety.

**ALEC HOGG:** Did you look at this while you were running Rustenburg Platinum, which seems a lifetime ago?

**BRIAN GILBERTSON:** Actually I was not aware of it at that time, no. I was involved in the opening of Amadibult, which was then a surface deposit. It's of course a little deeper now that the years have gone by.

**ALEC HOGG:** In your business, Pallinghurst, the one that's listed, Pallinghurst Resources, has got a market cap of R1.6bn. The share that you've told us off air it has directly in this project is 7%, which works out to R1.6bn, so the market is missing something. You are getting the rest of Pallinghurst for free.

**BRIAN GILBERTSON:** Well, I'm not really sure that I want to be drawn by that question right now, and the reason for that is we are releasing some results in Pallinghurst Resources tomorrow. So I'd be anticipating that.

But it's well known, if you read my chairman's statements, the past one or two that I've made, I said that I consider the company to be very much undervalued, not recognising the underlying value of the assets. And this actually crystallises it better than anything.

**ALEC HOGG:** What are you going to call this company, the new mine?

**BRIAN GILBERTSON:** We haven't decided on a name. At the moment it's all just coming together now. The name we've been using so far is either African Queen or the Regionally Optimised Megamine, ROM. We'll come up with something better than Newco, which is just the name we are using temporarily.

**ALEC HOGG:** And might it be listed separately?

**BRIAN GILBERTSON:** Yes, we have said that it is likely to be listed within the next year, assuming that the market doesn't fall out of bed or anything like that. Not to raise the money, because we are actually well capitalised – there is \$500m in the bank, and we can go and develop it – but because the range of shareholders ultimately don't want to sit in an unlisted vehicle. Many of them are still from the original Canadian company. So you need to get some kind of market valuation ultimately. And we've said we'll aim for a listing, an IPO in the next

12 months on the JSE, and then on one of the bigger international exchanges, possibly Hong Kong or possibly London.

**ALEC HOGG:** David, you've got to look at Pallinghurst Resources quickly, tomorrow morning before the results come out.

**DAVID SHAPIRO:** Sure.

**ALEC HOGG:** Half for free.