

Press Cuttings

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IDC invests in platinum venture

The Industrial Development Corporation is investing R3.24 billion in a platinum group metals (PGM) joint venture.

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JOHANNESBURG - The Industrial Development Corporation is investing R3.24 billion in a platinum group metals (PGM) joint venture. "The investment will be into a newly consolidated company, NewCo, which has the potential to create some 9000 direct and permanent jobs," investment consortium Pallinghurst said in a statement on the JSE's sens service on Thursday. The new company, with mines in Pilanesberg in the North West, would be formed from the consolidation of PGM interests controlled and owned by Pallinghurst and the Bakgatla Ba Kgafela Tribe.

Platmin Limited is also part of the deal. The state-owned IDC would have a 16 percent interest in the joint entity, which would explore opportunities for PGM beneficiation and processing. "IDC's equity funding is the catalyst that is required to implement the consolidation plan that has been developed by Pallinghurst over the last five years," said IDC CEO Geoffrey Qhena. This would help the new company to become one of the major PGM players within five years, he said.

"This investment is the first step in developing downstream beneficiation of PGMs and demonstrates the IDC's commitment to the development of South Africa's mineral beneficiation industry." Beneficiation is one of the drivers of jobs identified by government in the New Growth Path framework.

The IDC's total exposure to the mining industry was R45bn. The Bakgatla tribe would hold a 27 percent shareholding in the new company. Kgosi Pilane of Bakgatla Ba Kgafela Traditional Community said the deal would create wealth and jobs. "It is significant for our 350,000 strong Bakgatla Ba Kgafela Tribe, by not only creating additional permanent jobs in the region, but also providing the financial engine for further upliftment of our community," he said.

Most of the 70 million PGM ounces available to the new company were shallower than 600 metres. "By comparison, many new projects announced by the industry majors are rapidly approaching 2000m. "This provides NewCo with a clear advantage in respect of employee safety, as well as being mineable without the need for expensive and electricity intensive ventilation and refrigeration." The deal was subject to various conditions including SA Reserve Bank approval, the parties said. The government established the IDC as a national development finance institution to fund projects of national interest.