

MEDIA RELEASE
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**IDC, PALLINGHURST AND BAKGATLA FORM A STRATEGIC PARTNERSHIP
TO CREATE A MAJOR NEW PGM PRODUCER
THROUGH CONSOLIDATION AND A R3.24 BILLION IDC INVESTMENT**

- **Consolidation of PGM interests controlled and owned by Pallinghurst and the Bakgatla to create a major new force in the PGM industry**
- **Creation of a large, shallow and low-cost mining complex, with long life (in excess of 30 years)**
- **Unhedged and debt-free producer, with a healthy balance sheet (cash of US\$500 million)**
- **R3.24 billion (US\$420 million) investment from IDC for a 16.2% interest in the consolidated entity**
- **Partners to form a joint venture to explore and fund opportunities for PGM beneficiation and processing**

The Industrial Development Corporation of South Africa today announced a major investment in the platinum mining and beneficiation industry that will see the creation of a significant platinum group metals (PGM) company in the North West Province of South Africa. The investment will be into a newly consolidated company, NewCo, which has the potential to create some 9,000 direct and permanent jobs. 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 strong growth profile. 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.

The Industrial Development Corporation (**IDC**), the Pallinghurst Investor Consortium (**Pallinghurst**), the Bakgatla Ba Kgafela Tribe (**Bakgatla**) and Platmin Limited (**Platmin**) have concluded a R3.24 billion transaction that would bring about the consolidation of a number of important PGM properties around the Pilanesberg Platinum Mine. In addition, the IDC and the parties will form a joint venture to develop and fund PGM beneficiation opportunities in the region.

Announcing the partnership, IDC CEO, Geoffrey Qhena said: “This strategic partnership between the IDC and Pallinghurst will certainly transform the local platinum mining and beneficiation landscape. 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. This will assist the consolidated PGM entity to become one of the major PGM players within five years. The investment is attractive to the IDC as the PGM consolidated entity will benefit from shallow resources which will allow for safe and cost efficient mining.”

In addition, Qhena said: “This investment is the first step in developing downstream beneficiation of PGM’s and demonstrates the IDC’s commitment to the development of South Africa’s mineral beneficiation industry.”

The IDC’s total exposure to the mining industry is R45 billion.

The Chairman of Pallinghurst and Platmin, Brian Gilbertson commented: “This is the fourth time that I have had the privilege of partnering with the IDC. As with the others, this PGM partnership is intended to create an industry-transforming entity, generating capital investment and jobs for South Africa. We are proud to welcome the IDC as a cornerstone shareholder at this pivotal time. The IDC’s involvement will ensure the consolidated company is well positioned to become the next major producer in the strategically important platinum industry.”

His Royal Highness **Kgosi** Pilane of Bakgatla Ba Kgafela Traditional Community in South Africa, a 27% shareholder in the post consolidated company said: “The transaction has crystalized the vision always held by the Bakgatla Ba Kgafela to develop a regional PGM mining leader which will create wealth and jobs, which will also be used as a catalyst for the other developments to benefit the entire community. 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.”

CEO of Pallinghurst, Arne Frandsen said: “This consolidation has been almost five years in the making and represents an exciting development for all stakeholders. The IDC’s equity investment will allow NewCo to remain debt-free with a strong balance sheet, thereby providing financial security to execute our unique growth opportunities. Our beneficiation partnership with the IDC has the potential to transform the PGM smelting industry and to provide third party juniors access to cost-efficient concentrate processing.”

BACKGROUND

THE CONSOLIDATION OF THE PLATINUM GROUP METAL PROPERTIES

The consolidation of the PGM interests controlled and owned by Pallinghurst and the Bakgatla (**Consolidation**) will create a major new force in the PGM industry (**NewCo**). The Consolidation will facilitate the optimised development of three historically stand alone, shallow (mainly open-cast) contiguous PGM properties (**Properties**) into a single regionally optimised mega-mine. The Properties, situated north of the Pilanesberg on the western limb of the Bushveld Complex (**Western Limb**) in South Africa, are:

- Pilanesberg Platinum Mine (**PPM**), the producing operations of Platmin;
- the Sedibelo Platinum Project, owned by Itereleng Bakgatla Minerals Resources (Pty) Limited (**IBMR**); and
- the Magazynskraal Platinum Project, owned by Richtrau No 123 (Pty) Limited (**Richtrau**).

These Properties are the last shallow PGM resources on the Western Limb, situated immediately south of Anglo Platinum Limited's Union Mine.

The Consolidation provides the foundation for a large, shallow and low-cost mining complex, with long life (in excess of 30 years) and a strong growth profile. NewCo's resource base is approximately 70 million 4PGM ounces. Uniquely, the majority of the ounces are shallower than 600 metres. By comparison, many new projects announced by the industry majors are rapidly approaching 2,000 metres. 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. Uniquely, NewCo will be unhedged and debt-free, with a healthy balance sheet – cash in excess of US\$500 million. NewCo is expected to become a global top-4 PGM producer within the next four to five years and will continue to grow thereafter.

The combined exploitation of these Properties will provide significant financial and operational benefits to shareholders, including:

- a material reduction in up-front capital expenditure, with economies of scale providing unit operating cost reductions;
- common utilisation of the PPM's state-of-the-art concentrator-complex and other infrastructure for the Properties;
- significant financial and operating synergies and efficiencies; and
- 12km of shallow-dipping strike length, most of which is mineable through open-cast and inclines, allowing safe and cost-efficient mining.

In addition, NewCo will control three strategically important shallow PGM assets on the eastern limb of the Bushveld Complex (**Eastern Limb**), providing further growth opportunities for the company.

The Consolidation remains subject to conditions precedent considered customary for a transaction of this nature, including approval from the South African Reserve Bank.

THE IDC INVESTMENT

NewCo and the IDC have entered into a binding equity subscription agreement to introduce the IDC as a new cornerstone shareholder of NewCo, the consolidated PGM entity. Upon completion of the Consolidation, the IDC will invest R3.24 billion (**Subscription Funds**) in return for newly issued ordinary shares, representing 16.2% of NewCo.

In addition, NewCo will issue warrants to the IDC that will entitle the IDC to new ordinary shares in the company (**Warrants**). If exercised, in return for the payment of R800 million, the Warrants will convert into NewCo ordinary shares equivalent to 4% of the ordinary shares in issue immediately prior to the Warrants being issued, implying an agreed valuation for NewCo post-consolidation of R23.24 billion (including the cash injection of the Subscription Funds). The Warrants will expire on 31 December 2013.

The Parties have agreed that the Subscription Funds shall only be utilised by NewCo for the exploration, development, exploitation and/or mining of PGM's in South Africa.

THE BENEFICIATION JOINT VENTURE

NewCo and the IDC will also form a joint venture to explore, and ultimately fund, opportunities in PGM beneficiation and processing. These opportunities are expected to provide local community benefits, as well as energy-efficient and environmentally-advanced industrial solutions for the benefit of the entire PGM industry in South Africa.

The Parties expect the transactions to be completed during the June quarter of this year. Further details will be included in an information memorandum that will be sent to the shareholders of Platmin in the near future.

ABOUT THE IDC

The IDC is a South African based national development finance institution established by the South African government in order to promote sustainable economic growth and industrial capacity development, and as such invests capital in leading projects of national interest, in order to secure significant value to South Africa and important community development benefits.

ABOUT PALLINGHURST

Pallinghurst is an investment consortium formed specifically to pursue attractive investment opportunities within the global natural resources industry. As one of the largest investors into South Africa, Pallinghurst has in the past four years invested more than US\$1 billion of long term equity funding. Pallinghurst utilises its financial ability, expertise and execution skill to participate in and develop investments with the objective of providing investors with an attractive rate of return. The consortium includes “blue-chip” global investors in the natural resources industry, as well as leading high-profile sovereign investors.

ABOUT THE BAKGATLA

The Bakgatla Ba Kgafela Tribe is a traditional community established according to indigenous custom with full contractual capacity. The Bakgatla comprises approximately 350,000 people resident in the Pilanesberg area of South Africa. The Bakgatla is the largest tribe in the area with approximately 32 villages falling within the Bakgatla tribal area. As a result the Bakgatla owns a significant portion of the land in the vicinity of the Pilanesberg National Park and accordingly benefits from its numerous PGM interests.

ABOUT NEWCO

NewCo will be a major new PGM producer in South Africa, formed through the consolidation of Platmin's Pilanesberg Platmin Mine, Sedibelo and Magazynskraal. In addition, NewCo will control three exciting growth projects on the Eastern Limb, being, Mphahlele, Grootboom and Loskop.

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