

The Bafokeng and AngloPlat bury the hatchet

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[miningmx.com] -- ANGLO Platinum (AngloPlat) and Royal Bafokeng Holdings (RBH) have settled their differences and moved on according to Royal Bafokeng Platinum (RBPlat) CEO Steve Phiri.

Phiri told media at a presentation in Johannesburg on Monday that, "I need the support of everyone at RBPlat and I will not have the two major shareholders in my company fighting each other.

"I have no doubt that both AngloPlat and RBH are fully supportive of RBPlat otherwise I would be out the door like yesterday.

"The two had their differences and Niall (RBH CEO Niall Carroll) did have some harsh words to say about AngloPlat but that's now over and life goes on.

" I am in a very comfortable position as RBPlat CEO and I speak with full knowledge of what is going on.

"You saw them together (Carroll and AngloPlat CEO Neville Nicolau) when you arrived for this presentation. They did not look like enemies."

When Miningmx arrived at the RBH corporate head office in Melrose Arch, Carroll and Nicolau were smiling and shaking hands in the foyer.

Asked to comment on the latest developments in the spat between the two Carroll replied, "that was last week's story. This week's story is all about the highly successful IPO (initial public offering) of RBPlat."

Asked at the same time for his views on the criticisms that Carroll had made of AngloPlat in his highly antagonistic speech on October 12 Nicolau replied, "no comment."

The decision to "kiss and make-up" so swiftly appears surprising given the wide-ranging extent of Carroll's all-out attack on AngloPlat and parent Anglo American.

Not only did he savage the world's largest platinum group over its decision to veto the proposed sale of the Bafokeng Rasimone Platinum Mine (BRPM) to Impala Platinum (Implats) but he attacked the very basis of the empowerment deals through which AngloPlat had obtained its new order mining rights.

This was done through deals that spun off platinum assets into BEE hands but avoided bringing a BEE partner into the core listed holding company or the core unlisted operating companies.

Carroll contrasted this approach with that of Implats which had brought RBH into the group as a 13.2% shareholder in the listed holding company.

He commented, "while both methods comply with the requirements of the Minerals and Petroleum Resources Development Act, it is clear that the qualitative outcomes are very different.

"Given that there is no participation by black shareholders at board level or in key assets such as Rustenburg Platinum Mines and Amandelbult, it is any wonder that Anglo Platinum - and by extension Anglo American's - relationships with its so-called 'black partners' and affected communities remain, almost without exception, problematic?" Carroll

asked.

Those comments are way too close to the bone to be forgotten by Anglo American in a hurry.

Phiri stressed RBPlat's powerful financial, operating and strategic position in the platinum sector as it headed for a listing on the JSE on November 8 when it will raise some R1bn through placing shares in an offer price range between R56 and R65 a share.

The R1bn is earmarked to cover a portion of the R7.9bn that RBPlat must kick in to fund its share of the Styldrift expansion in terms of the JV with AngloPlat.

RBPlat CFO Martin Prinsloo said he expected to fund 50% of that from operational cash flows and 28% of it through debt.

That left around R1.7bn which meant that RBPlat would probably come back to the market in 2014 to raise the outstanding R700m.

Phiri was optimistic that the actual share price achieved for the IPO "may be out of price range" because of the quality of the RBPlat assets but he declined to comment on whether the Implats bid – which was approximately double the IPO offer range – would have an effect on this.

He commented, "we think R55 to R65 a share represents fair value for the company. Impala may have had their own considerations in making their offer."

Asked about possible future merger and acquisition activity by RBPlat Phiri replied, "I do not rule it out but our priority is organic growth to get to annual production of around 1m oz of platinum within 10 to 15 years by expanding Styldrift.

"With that kind of prospect why go and buy someone else's difficulties unless you can pick it up for a song?"