

# LESEGO PLATINUM PROJECT

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# IN DEPTH SURVEY

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*Alan Swaby talks to the CEO of a platinum mining project in the final phase of exploration waiting to hear exactly how deep he will have to go*

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Village has embarked on a \$20 million, three-year exploration and verification programme



They say that one man's meat is another man's poison. In the case of Village Main Reef Limited, the saying would fit better the other way around; but it still portrays the company's business model of finding projects that others no longer want and turning them around into profitable, saleable assets.

The gold mine which bears the Village Main Reef name is one of the oldest and most famous names in South Africa's mining history and was part of the Witwatersrand golden belt running around the fringes of Johannesburg. Production started way back in 1889 and stopped and re-started several times thereafter as the value of gold increased. There's nothing happening there now; but reworking the many thousands of tons of tailings extracted considerable value even when it was no longer worthwhile to mine at depth.

The shell company was bought by the present owners as a vehicle for its clearly defined strategy of taking over failing projects, removing costs and production inefficiencies and giving them a new lease of life ready to be sold on. To do this, the organisation needs to be nifty and carry the lowest possible overheads it can. Without doubt, Village (the company) runs lean with a head office staff counted in single figures. Specialist skills—either short or long term—are bought in by Village as and when required to manage things.

Since 2008, the company has been steadily acquiring a portfolio of assets in precious metals. Some are already





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#### CONTACT DETAILS

56, 5TH AVENUE, ALBERTON NORTH,  
1456 P.O. BOX 17111, RANDHART, 1457

TEL: +27 11 907 3463/5  
FAX: +27 11 907 3485

INFO@GEOSERVESA.CO.ZA  
WWW.GEOSERVESA.CO.ZA



in production and consequently generating income, while others are at various stages of exploration or development.

One such venture is the Lesego Platinum Project, of which Dorian Wrigley is the CEO. “About 300 kilometres to the north-east of Johannesburg,” he explains, “is a large area of land where nature deposited considerable amounts of platinum, interspersed with a cocktail of other precious metals that are often found with platinum, such as palladium, rhodium and gold.”

In 2010, together with its 46 per cent BEE (black economic empowerment) shareholder Umbono Capital, Village purchased a controlling interest in a property situated near Burgersfort in the Limpopo province, 20 kilometres to the south of Polokwane (formerly known as Pietersburg). “It wasn’t a greenfield site,” says Wrigley, “as not surprisingly,

#### GEOSERVE

Geoserve is a specialized exploration drilling company dealing in the service and support of exploration diamond drilling in Southern Africa. Geoserve is a BBBEE company owned by Royal Bafokeng Holdings (Pty) Ltd through its 100 per cent shareholding in Mining, Oil and Gas Services (Pty) Ltd.

The company has been in operation since 1996 and has grown to include site offices in Steelpoort, Piet Retief, Sishen, Rustenburg and Burundi. A workshop and maintenance facility is situated in Alberton, RSA, and includes the base for all company logistics. The company currently has a workforce of 300 people, all of whom are qualified and trained on the operation of the various machinery and plant.

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Near Burgersfort, Limpopo Province



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Lesego lies on the Eastern Limb of the Bushveld Igneous Complex

some surveying work had already been carried out but hadn't found anything of particular interest. After Umbono bought the mineral rights, further drilling and seismic analysis revealed a total inferred resource of 27.8 million ounces of platinum group metals (3PGM + gold). On the strength of that, Village embarked on a \$20 million, three-year exploration and verification programme that we are currently two-thirds of the way through."

In January this year, Village announced the completion of its Lesego Platinum pre-feasibility study which confirms that

there is economically viable high-grade ore at depths between 700 metres to 2,300 metres below surface. On the strength of this study, Village's minority partner, the Industrial Development Corporation of South Africa, will release the balance of the R150 million it has undertaken to provide

for the development of a definitive feasibility study in return for a 23 per cent stake in the Lesego Platinum Project. The final tranche of R54 million means that the definitive feasibility study is fully funded and should be completed at the latest by the middle of next year.

In September 2011,

**R150  
MILLION**

Sum set aside by  
IDC South Africa for  
development of the DFS



Lesego had already declared a 50 per cent upgrade in resource to 41.8 million ounces of 3PGE + Au at depths between 700 metres and 2,300 metres. An increase such as this is obviously good news as previous estimates recorded the ore body starting at depths of 1,200 metres. “The deeper you go on the Bushveld, the more expensive mining becomes. Go below 700 metres,” says Wrigley, “and the platinum-bearing rocks become progressively warmer, requiring not only ventilation but the introduction of chilled air from cooling plants at the surface.”

Consequently, one of the key components of the bankable feasibility study will be to incorporate shallower ore deposits lying at less than 700 metres. Lesego has already identified minerals starting at between at 300 to 350 metres which will be brought into the measured and indicated resource category before commencing the DFS.

“We know what we have below 700 metres,” says Wrigley, “and results continue to show remarkable consistency in grade, width and recoveries. But being able to extract from shallower levels obviously means considerable savings in capital expenditure. Not only would the balance sheet be healthier but financing

capital operations at deeper levels could then come from earnings rather than external sources.”

Just exactly how the project will be developed once the DFS is completed is still being discussed. With an anticipated capital expenditure price tag in excess of \$1 billion, it’s way outside the scope of Village; and Wrigley is looking at several

scenarios including partnership with a major mining company. It also remains to be seen whether Village will want to retain a stake in Lesego or follow its normal practice of selling on the asset once it has increased in value.

In a sense, though, the future of Lesego will be decided by the state of European countries like Greece. Unlike gold, which has an investment value, platinum remains very much an industrial commodity and the greatest volume goes into catalytic converters destined for the European market. Should the Euro unwind, and the global economy go into recession, the demand for platinum is bound to suffer and Wrigley is stoically prepared for the

eventuality that his project may take longer to fund if this occurs.

On the other hand, try as it may, science has yet to find a synthetic material that can replicate the properties that platinum gives. The cost of a converter is still a very minor part of the total cost of an automobile and a reliable supply of platinum is still more important to manufacturers than its cost. Therefore, even if outside factors do cause a delay, Wrigley knows that in the long run, he is sitting on a very bankable asset. **BE**

“BEING ABLE TO EXTRACT FROM SHALLOWER LEVELS OBVIOUSLY MEANS CONSIDERABLE SAVINGS IN CAPITAL EXPENDITURE”



High-grade ore has been found at depths of up to 2,300 metres

For more information about  
Lesego Platinum Project visit:  
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