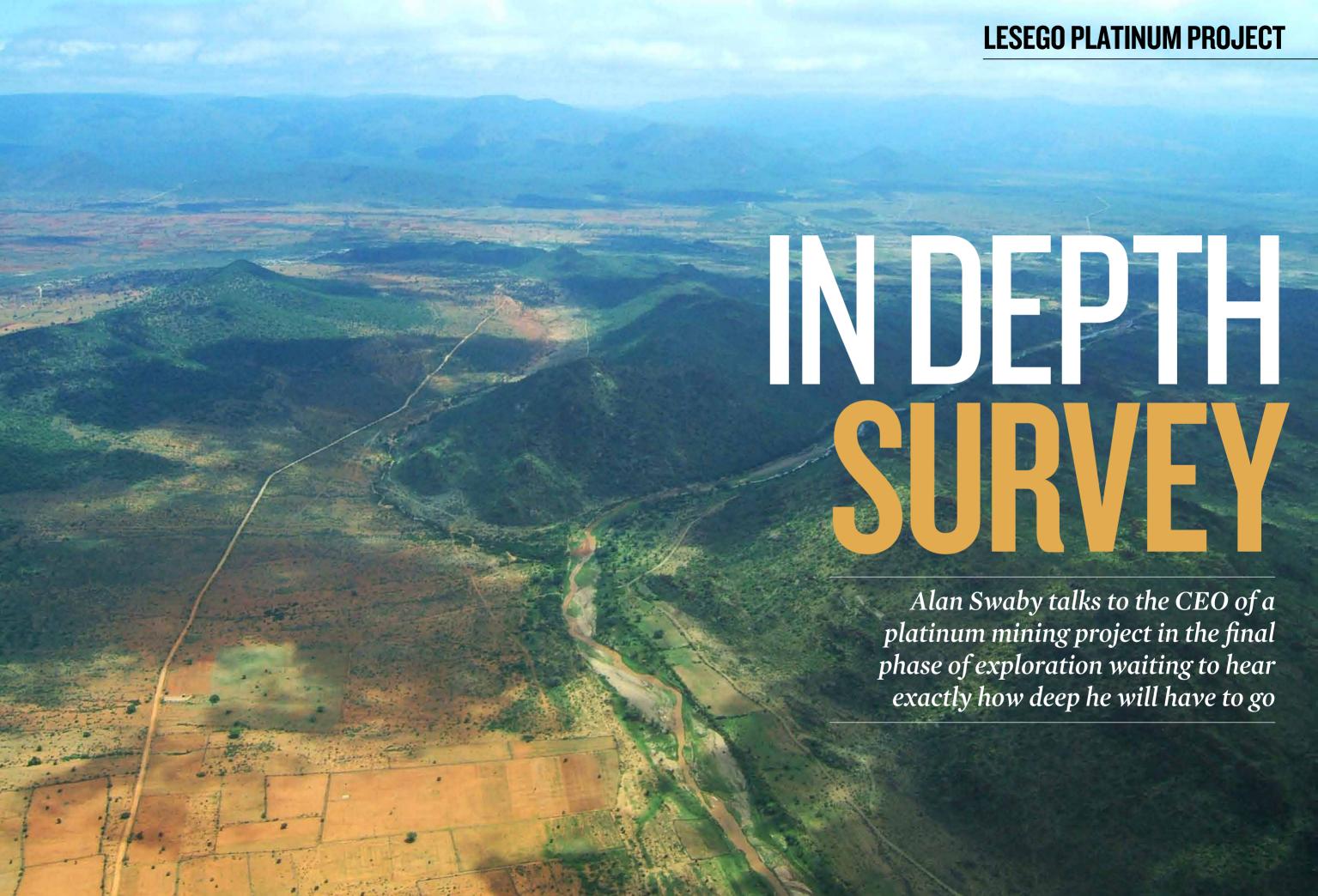
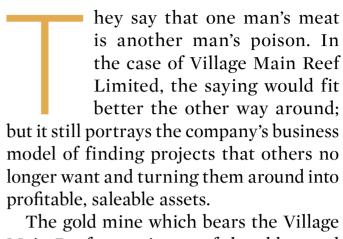
# LESEGO PLATINUM PROJECT

www.villagemainreef.co.za







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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- Delta Mining
- Amari Holdings
- BMMI
- RBPM
- Lesego Platinum

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#### **CONTACT DETAILS**

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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 northeast 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,

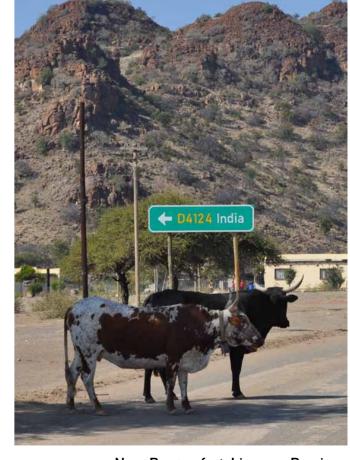
"THE DEEPER YOU GO ON THE BUSHVELD, THE MORE EXPENSIVE MINING BECOMES"

#### **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 IOO 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

The unit's main areas of focus are financial and technical assistance for the development of mining and beneficiation projects; junior and emerging mining houses; services-related activities and contracts; mining asset acquisition; and developing the jewellery industry.

Funding is structured using a wide array of financial instruments and loans are typically for a five-to-seven-year period.

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### LESEGO PLATINUM PROJECT



Sum set aside by

**IDC** South Africa for

development of the DFS

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 metres below surface. On the strength of 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 R150 million it has undertaken to provide

strength of that, Village embarked on a \$20 million, three-year exploration and verification programme that we are currently twothirds 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 this study, Village's minority partner, the Industrial Development Corporation of South Africa, will release the balance of the

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,

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 platinumbearing 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



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

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

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

scenarios including partnership with a eventuality that his project may take major mining company. It also remains 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.

For more information about Lesego Platinum Project visit: www.villagemainreef.co.za

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



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