



## NEWS RELEASE

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### **US\$53-million innovative platinum beneficiation partnership**

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Significant investment in SA jewellery manufacturing industry

South Africa is reaping economic benefits from a new downstream platinum beneficiation project centred on a Cape Town-based jewellery factory established under a multi-national partnership involving Italian, Swedish, British and South African companies.

The new venture, Silplat (Pty) Ltd, is the result of close collaboration between Italy's leading jewellery manufacturer, Silmar, a leading South African platinum producer, Impala Platinum Holdings Limited (Implats), local jewellery producer, SA Link Company, and specialist corporate finance house, Micofin Corporate Services. Equity and loan financing are being provided by the Swedish-UK consortium, Saab-BAE SYSTEMS, as part of their national industrial participation obligation arising from South Africa's purchase of new military aircraft.

Silplat is a high-volume globally competitive jewellery manufacturing business which expects to beneficiate more than three tons of platinum each year, generating approximately US\$100-million (about R650-million) in annual sales. Export sales will account for around 85 per cent of annual turnover.

Officially opening the new Cape Town factory, the Minister for Minerals & Energy Affairs, Mrs Phumzile Mlambo-Ngcuka, described the strategic benefits of the venture.

"In addition to generating new exports, this important venture will also have a positive impact on local jobs and skills development. It is further evidence of Government's tandem strategies for leveraging new investments and economic activity from key State procurement programmes and for minerals and metals beneficiation. Significantly, for the mining sector, the beneficiation strategy focusses on adding value to South African-produced minerals and metals through downstream processing and manufacturing of finished and semi-finished goods for export", explained the Minister.

Specialised equipment, technology and skills training have been provided by Italy's Silmar. The machinery was shipped to South Africa over the past four months and installed in the new Cape Town factory. Silmar will also support the project through its global network of wholesale and retail partners and customers giving access to existing and new platinum jewellery markets.

Combined foreign and local investment in Silplat amounts to US\$25-million. In addition, Implats has extended a platinum loan facility of up to 1 000kg (equivalent to some US\$28 million at current platinum prices) to Silplat, of which about 200kg (equivalent to US\$5.6 million) has already been taken up.

Silplat managing director, Stephen Marine, said the venture is the first high volume, export focused-platinum jewellery manufacturing project in South Africa and offered new opportunities in the sector. "This is a major coup, it is the most technologically advanced facility of its kind in South Africa. But besides locking in an important investment from Silmar, one of Europe's largest jewellery manufacturers, the venture will also create 33 new jobs while securing the jobs of another 120 SA Link employees in Cape Town."

Historically, growth in the platinum jewellery industry has been constrained by limited access to raw platinum and the cost of working capital. In addition to its direct equity interest in the project, Implats will be facilitating the supply of metal through the platinum loan ensuring sufficient supply of this scarce resource to Silplat. Implats' CEO, Keith Rumble, explained: "This venture is part of our commitment to local beneficiation and the development of a viable jewellery industry in South Africa and is yet another way in which we are meeting our obligations in terms of the Mining Charter."

The partners have worked closely over the past two years to develop and fine-tune this venture. Guidance and advice was provided throughout by Government to ensure it was in line with the strategy for minerals beneficiation.

This aims to establish profitable and sustainable downstream industries adding value to the metals and minerals mined in South Africa while creating jobs and skills in the country.

"In addition to our equity investment in Silplat, we will provide a loan facility to finance working capital in the future. This is another example of how Saab-BAE SYSTEMS is delivering new economic benefits to South Africa as it fulfils its National Industrial Participation obligations arising from South Africa's procurement of Hawk jet trainers and Gripen fighters for the SANDF", explained Saab-BAE SYSTEMS SA National Industrial Participation executive director, Bernard Collier.

For more information, see attached Notes to Editors

Notes to Editors

## ABOUT PLATINUM

Platinum is considered the most precious metal of all metals.

The use of platinum jewellery dates back to the pre-Incan and ancient Egyptian civilisations. Platinum is a high density, strong, hard and extremely durable metal. It does not fade, is hypoallergenic and is also resistant to oxidation. All of these qualities combined with its aesthetic value make it ideal for use in jewellery. Platinum jewellery currently accounts for 38% or about 80t of global demand for the precious metal.

Platinum jewellery manufactured by Silplat will consist of a range of platinum chains where sales of chains represent more than 50% of the total jewellery market. Chains are used throughout the world as necklaces, bracelets or to suspend pendants and sliders.

Important markets for platinum jewellery are the Chinese, Japanese, European and USA markets. Silplat will initially focus on the Chinese and USA markets and intends to establish commercial offices in Hong Kong and New York in order to spearhead market penetration in China and the USA.

## ABOUT SILMAR

Silmar S.p.A. Silmar is an Italian-based jewellery manufacturer established in 1977 with annual turnover exceeding US\$100 million. Silmar comprises three units, two of which manufacture and sell platinum and gold chains while the third specialises in manufacturing processes and technologies, including the design of new machines for the manufacture of jewellery products. It ranks among the world's top five producers of gold chain products with the US and Asia among its primary markets.

Silmar has managed to significantly grow its market share through efficient high volume production and aggressive product marketing and branding. The company's competitive advantage is based on a number of factors including access to proprietary production technology, an innovative product design capability and their own marketing operations supporting world-wide jewellery sales.

## ABOUT IMPALA PLATINUM

Impala Platinum Holdings Limited (Implats) is one of the premier platinum companies in the world, producing almost 1.8 million ounces of platinum annually. Impala Platinum, its primary operation, is located on the western limb of the world-renowned Bushveld Complex in South Africa. Secondary operations are located on the eastern limb of the Bushveld Complex and on the Great Dyke in Zimbabwe.

With a market capitalisation of R40 billion, Implats is one of the most efficient and lowest cost producers in the world, and employs 31 500 people across all its operations. It has reserves of 254 million ounces of platinum.

Additional information can be obtained from <http://www.implats.co.za/>.

## ABOUT SA LINK

SA Link is a family business which was established in 1977. It specialises in gold cast rings, ear-rings and pendants, hollow-tube ear-rings and bangles. It began exporting in 1998 and has developed markets in the US and United Kingdom.

## ABOUT SAAB

Saab is one of the world's leading high-technology companies, with its main operations focusing on defence, aviation and space. The Group covers a broad spectrum of competence and capability in systems integration. Shareholders include Investor AB, the Scandinavian investment group (20%) and BAE SYSTEMS (35%) with the

balance of the shares being traded on the Stockholm Exchange.

Over the past five years Saab has expanded its operations to South Africa, establishing partnerships and investing in local companies.

<http://www.saab.se/>

#### ABOUT BAE SYSTEMS

BAE SYSTEMS is a systems company innovating for a safer world and delivering total solutions to customer requirements, from the outermost reaches of space to the depths of the oceans.

BAE SYSTEMS has international markets around the globe producing annual sales of some 12 billion. Including joint ventures, BAE SYSTEMS employs world-wide more than 90,000 people, committed to delivering outstanding capability to customers through the quality technology, the robust processes and the innovation of its people.

BAE SYSTEMS established a South African presence in 1995. It provides aircraft and systems to SA Airlink, SAA, the SA Air Force and is engaged in numerous partnerships across a broad array of South African industrial sectors.

<http://www.baesystems.com/>

#### ABOUT MICOFIN CORPORATE SERVICES

Micofin is a niche financial services company specialising in the mining and resources sector. Micofin promoted the project in addition to providing corporate finance, facilitation and project management services.

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