

COMPANY COMMENT

A Chinese puzzle of sorts in low shares

FACED with one of the worst performing platinum shares on the JSE, Wesizwe CEO Jianke Gao focused on the positive at its annual general meeting yesterday, painting a picture of a company actively hunting growth despite having to build a 1km deep mine over the next decade at a cost of R7,9bn.

The puzzle for the Wesizwe board is why the company's shares are at a record low of 68c since listing in 2005. The company, which is 45% owned by a powerful consortium of Chinese groups, is unlike its peers in many respects. The consortium assured shareholders when it finalised its stake last year any further capital needed for the project would be sourced by it, without recourse to the existing shareholder base.

Here, in effect, is a fully funded platinum development project, whereas other platinum companies are having to jump through all kinds of hoops in a difficult financial market to raise capital for projects.

Wesizwe's board says there's been no talk of having to hedge its production, but it will look at locking in the exchange rate to iron out the rand's volatility against the dollar.

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ABOUT 80% of known world manganese resources are found in SA. That means the row between ArcelorMittal and Kalahari Resources over corporate governance issues and the steel maker paying its way in the Kalagadi Manganese joint venture has heft.

The project is just one facet of an R11bn mine, sinter plant and smelter super-project stretching between Hotazel in the Northern Cape and the Nelson Mandela Bay metro area. Recently, a court ordered the world's biggest steel producer ArcelorMittal to pay R241m towards the project.

Manganese is a vital ingredient of the steel and metal alloys industries. The sintered product is primary ben-



eficiated manganese ore that will get transported to the Coega industrial development zone near Port Elizabeth to be further beneficiated in the proposed R4,2bn, 320 000 ton-a-year Kalagadi manganese smelter, and mostly sent to buyers overseas.

Transnet CEO Brian Molefe says that the rail link between Coega and the Northern Cape will be upgraded to ship 16-million tons of manganese a year. That's good, because roads crumble under that kind of load. But the spat between ArcelorMittal and Kalahari Resources shows how risky big, capital-intensive projects can be, especially as it has backed out of supporting the smelter.

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WITH so many mining conferences on the South African calendar, we seem to be suffering from conference fatigue.

Business Day was informed by the organisers of this year's African Mining Congress that ArcelorMittal SA CEO Nonkululeko Nyembezi-Heita was going to deliver the keynote address. But it turns out she never accepted the invitation. Enough already.

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