

Colin Bird's Jubilee Platinum Steps In To Put Braemore Out Of Its Misery

By Alastair Ford

Let's face it, the London market will be better off without [Braemore](#) Resources. Not that anyone of real significance has ever had anything bad to say about the company's latter-day chief Leon Coetzer. But, according to the way of thinking of Colin Bird, the man who's about to put [Braemore](#) shareholders out their misery once and for all, Leon was dealt a difficult hand to begin with, and he played it as well as anyone could.

As far as the London end was concerned, he wasn't helped by the mysterious way in which his predecessor Hamish Bohannen suddenly upped sticks and left, fairly soon after a hefty round of promotion. From his Johannesburg office it took Leon a while to pick up the baton as far as London was concerned. Nor was he helped by his company's own inability to get its phone numbers correct. Anyone not understanding [Braemore](#)'s revolutionary platinum and chrome smelting technology (and there are plenty) who wanted to ring up Leon for an explanation was stymied straight away. Worse, his London gatekeepers, the former sector superstars at Parkgreen, who are now virtually invisible in mining, could never decide whether to snarl or roll over and whimper whenever anyone phoned up asking for him. Still, they've very few mining clients left to lose now, so it hardly matters. But the net result was that nobody knows what [Braemore](#) does, and nobody could talk to them to find out.

Colin Bird knows, though. In his 40 year career in the mining world Colin's run mines, and he's run smelters and processing facilities. He knows nickel from of old, and as chief executive of [Jubilee Platinum](#) he's come to know PGMs and chrome only too well. He knows much else besides, but it's these specific skill sets that will count with the [Braemore](#) deal. In spite of the bold but vague boast on its website that it aims to become a "top 10 international nickel and platinum group metal producer" on its own, [Braemore](#)'s real value to Jubilee lies in its ability to help create a company which will not only mine rock, but which will also produce metal. The ore will come from Jubilee's 25 million ounce Tjate project on the eastern limb of the Bushveld, while [Braemore](#) brings the smelting and refining capability. Tjate's some way off though, and those looking for early tangible benefits can turn to Jubilee's short-term plans to reprocess chrome and platinum dumps and tailings projects, and the possibility that Braemore's proprietary ConRoast technology can extract further metal.

The real value lies in the long term though, and, ever the consummate promoter, Colin puts it very simple terms. On Tjate, he says, "we'd've had to have had a smelting agreement with a major which would have taken 20 per cent of the metal. This way we keep 97 per cent". Spot the 17 per cent uplift there? In money terms, reckons Colin, "it puts about US\$800 million on to the NPV at today's prices". That's not at all bad, when you consider that the consideration is only around US\$40 million.

Not everyone was pleased though. Markets, which had perhaps been anticipating an offer for Jubilee itself after the company had put out a statement saying it was in bid

talks, lopped more than 20 per cent off the value of Jubilee at a single stroke. It's currently trading at just shy of 39p, having pushed up towards 55p on the day of the "cautionary announcement". It's not been that much more fun for [Braemore](#) shareholders, who, in the one-for-15.818 all shares deal, look like they'll have to swallow a discount of around 30 per cent. But the rumour was that, having failed to come to terms with other suitors [Braemore](#) was running out of cash anyway. Given that there was, and is, little understanding in the market of the company, it might have struggled to raise any more. Colin, at least, is fairly adept at raising money.

He knows how to tell the [Braemore](#) story too, and unlike Leon, won't be muzzled by London busybodies. "It's hard-nosed processing, not technology", he says. "They were perceived as a technology company. They got marked down for that". In terms of the treatment of local dumps, the prospect of "meaningful cashflow, not Mickey Mouse cashflow" clearly appeals to him. Longer term, he adds, Jubilee becomes a different proposition, "no longer contract miners for the majors". That ought to be an appealing prospect to shareholders. But processing is a complex game, much more so than drilling and digging, so getting the message over may be an uphill task.