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Platinum Group Metals Lands Japanese Investment

JOGMEC TO SPEND UP TO US\$10M FOR WAR SPRINGS STAKE

By: Trish Saywell

The global economic rout is sending more and more mining companies on a hunt for long-term mining investments from large, quasi-governmental institutions.

Platinum Group Metals (PTM-T, PLG-X) has announced that **Japan Oil, Gas and Metals National Corp.** will invest an optional US\$10 million over five years to earn 35% of the company's interest in the War Springs platinum project in South Africa. The first year commitment is US\$500,000.

The state-owned Japanese company's mandate is to identify and source a stable supply of nonferrous metal and mine resources, as well as oil and natural gas for Japan.

"This deal to me should be a signal to investors in general that there are groups around the world that have a much longer-term perspective and are going to be prepared to take advantage of the rather shortsighted nature of the market at the moment," Platinum Group Metals' president and chief executive, Michael Jones, said in a telephone interview from Vancouver.

Jones notes that the deal is "relatively unique" in the sense that it is the first step the government of Japan has taken to invest in platinum in South Africa, and that Platinum Group Metals had been developing a relationship with Japan Oil, Gas and Metals National Corp., also known as JOGMEC, since 2002.

"If you look strategically at platinum, 80 per cent of it comes from South Africa (and) Japan is a small island with relatively limited resources and absolutely no platinum," he says. "Given the scale of the industrial complex in Japan and their large automotive sector (and) the fact that it's a great time to invest in the platinum sector when everyone is thinking of the downturn, it's a great long-term contrarian move."

Vancouver-based Platinum Group Metals currently holds a 70% interest in the War Springs project, with Africa Wide Holdings and Taung Platinum Exploration each holding a 15% interest carried to a feasibility study.

Africa Wide is an affiliated company of **Wesizwe Platinum** (WSZWF-O, WEZ-J), while Taung Platinum is an affiliated company of Moepi Platinum, which is **Platmin's** (PPN-T, PPN-L) Black Economic Empowerment partner in South Africa.

The 2-sq.-km War Springs property is 24 km south of **Anglo Platinum's** (ANP-L, AMS-J) Potgietersrust platinum (PPRust) open-pit mine and along the same platinum reef section of the Bushveld Complex.

The War Springs resource, along the Northern Limb of the Bushveld igneous complex, hosts two distinct layers, termed the "B" and "C" reefs. Both reefs are typically wider than 6 metres thick.

The reefs outcrop on surface and extend downward in parallel sheets at a 65° angle to a depth of 400 metres, remaining open at depth.

The War Springs deposit comes to surface at a low grade but with a favourable thickness of 6.5 to 8 metres.

Exploration at depth around the nearby PPRust mine has shown impressive grades and thicknesses, including the Akanani deposit, which AfriOre sold to **Lonmin** (LNMI-F-O, LMI-L) in 2007.

"In the deeper areas, our target is not a typical narrow reef but rather bulk material for potential low-cost mining," Jones notes. "Given the pressures on labour, safety, capital, and operating margins in South Africa, we believe that there will be an increasing trend towards more competitive shallow areas and new bulk targets."

War Springs has an inferred resource of 47 million tonnes grading 1.11 grams per tonne combined platinum, palladium and gold per tonne, 0.13% nickel, and 0.1% copper for total contained metal of 1.67 million combined oz. platinum, palladium and gold.

Platinum Group Metals also owns part of the Western Bushveld joint venture, a three-phase platinum project the company believes likely will be one of the last large-scale near-surface new developments on the high-grade platinum reefs of the Bushveld's Western Limb.

"We think there may be some Japanese companies that might be interested in the metal flow from the joint venture and JOGMEC has made some important introductions that we intend to pursue," Jones says.

Platinum Group Metals is the operator and owns 74% of Projects 1 and 3, while Wesizwe Platinum owns 100% of Project 2 and 26% of Projects 1 and 3.

Located among key high-grade platinum mines, including Amandelbult, Union, BRPM and Impala, the Western Bushveld joint-venture deposits exhibit the high grades and high platinum contents that mark mines on the Western Limb.

A positive final feasibility study for Project 1 of the JV was published in July 2008.

The Bushveld's Western Limb has been mined for 80 years and has many profitable mines that produce 70% of the world's platinum production.

So far, the joint-venture team has drilled more than 100,000 metres and more than 180 drill holes on Project 1.

At a 5% discount rate, an exchange rate of 8 rand to the U. S. dollar, and three-year trailing average metal prices, the positive bankable feasibility study gave Project 1 a net present value of US\$987 million pretax and US\$578 million post-tax.

Platinum Group Metals recently traded at \$1.57 per share. It has a 52-week trading range of 71¢-\$3.54 and 67.7 million shares outstanding.

The company has no debt and holds about US\$6 million in cash.