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### **Advertisement**

**This announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any shares referred to in this announcement except on the basis of information in the prospectus (the "Prospectus") published by Shaft Sinkers Holdings plc on 20 December 2010 in connection with the admission of its ordinary shares ("Ordinary Shares") to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. Copies of the Prospectus will shortly be available from the Company's registered office at 18 Athol Street, Douglas, Isle of Man, IM1 1JA and to view on the National Storage Mechanism at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do).**

20 December 2010

Shaft Sinkers Holdings plc

Publication of Prospectus

Application for Admission to the Premium Listing Segment of the Official List

Placing of 24,680,734 New Ordinary Shares at a Placing Price of 124p each

Shaft Sinkers Holdings plc ("Shaft Sinkers" or the "Company", and together with its subsidiaries on Admission, the "Group"), the South African developer of vertical and decline shafts for underground mines and infrastructure, today announces the publication of a prospectus in relation to its application for admission to the premium listing segment of the Official List of the Financial Services Authority and to trading on the London Stock Exchange ("Admission"), in conjunction with a placing ("Placing") of 24,680,734 new Ordinary Shares at a placing price of 124p each, raising approximately £30.6 million (before expenses). Shaft Sinkers will have a market capitalisation of £58.9 million at the placing price on Admission on the basis of a total of 47,500,000 new Ordinary Shares in issue.

It is expected that Admission will become effective and unconditional dealings in the Ordinary Shares will commence at 8.00 a.m. on 23 December 2010.

Commenting on today's announcement, Alon Davidov, Chief Executive Officer of Shaft Sinkers, said:

"We are delighted to bring Shaft Sinkers to the London Stock Exchange and are excited by the prospects this will open up to us. We have worked hard to create a leader in the sinking of shafts for the mining industry. The listing will allow us to build on our strengths and expand into new industries and geographies requiring our expertise, particularly the CIS and India."

### **Summary of the Placing**

Approximately £24.1 million of the Placing proceeds will be used to fund the acquisition of stakes from minority shareholders. The remaining proceeds of the Placing will be used as follows:

- Approximately £2 million to recondition winders\*.
- Approximately £1.5 million to fund expected future project capital expenditure and working capital requirements.

Arbuthnot Securities Limited is acting as Sponsor and Broker in connection with the Placing and Admission.

## Highlights

- The Group specialises in the sinking of particularly deep and/or wide vertical shafts, decline shafts and the development of other underground infrastructure such as pump house stations.
- The Group is one of the pre-eminent sinkers of vertical shafts in the South African market. It is currently engaged in seven of the nine vertical shafts deeper than 350 metres being sunk in South Africa.
- It is currently working on fourteen projects for customers including Impala Platinum Limited in South Africa, OJSC MHK EuroChem in Russia, and Teesta Urja Limited in India.
- In 2009, the Group had revenues of £147.9m (2008: £99.2m), and profit from operations of £14.3m (2008: £7.5m). In the six months ended 30 June 2010 the Group had revenues of £80.0m and profit from operations of £10.3m.
- As at 30 June 2010, the Group had a committed order book with a future revenue value of some £474m, based on exchange rates then in force, extending over the period to 31 December 2014.
- It has sunk the deepest ever man and material South African shaft (3,131 metres).
- In 49 years the Group has sunk in aggregate over 165 kilometres of vertical shafts worldwide and excavated over 400 kilometres of tunnelling.
- The Group has a strong safety record, recently having completed 3 million fatality free shifts in South Africa and 1 million fatality free shifts across the Group. Regrettably, on 18 November 2010, Shaft Sinkers had a fatality and a serious injury at the Styldrift Main Shaft.
- The Group has accumulated a significant stock of winders\*, 13 of which are currently in use and 18 of which are capable of being reconditioned. As the winder is integral to the shaft sinking process, the availability of a reconditioned winder can considerably accelerate the start of sinking; the lead time for delivery of a new winder can be up to 18 months whereas reconditioning an existing winder from the Group's yard may take only six months.
- Shaft Sinkers' clients typically take a medium-to-long term view on demand when commissioning shafts to access replacement reserves with which to meet future market commitments, thereby providing relative insulation from short-term commodity prices.
- The Directors of Shaft Sinkers believe that global demand for shaft sinking will continue to grow as a result of the depletion of surface and shallow mineral ore bodies, growing environmental pressures and growth in alternative end-market applications.

*\* Winders are crucial, high-cost elements of shaft infrastructure used to raise and lower men, material and equipment inside the shaft during the sinking process.*

Copies of the Prospectus will shortly be available from the Company's registered office and to view on the National Storage Mechanism at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do).

## Contacts

**Arbuthnot Securities**  
James Steel  
Adam Lloyd

+44 (0) 20 7012 2000

**M:Communications (UK)**  
Ed Orlebar  
Elly Williamson

+44 (0) 20 7920 2330

## **Notes to Editors**

The Board of Directors of the Company consists of three Executive and four Non-executive Directors.

### **Amre Youness, Non-executive Chairman, Age 48**

Mr. Youness is the Chief Executive Officer of IMR. He is also Chairman of Samancor Chrome (an IMR investee company). He was previously in private equity. He is a Board member of various charitable organisations involved in Sub-Saharan Africa. Mr. Youness is a US citizen.

### **Alon Davidov, CEO, Age 36**

Mr. Davidov has been a director of Shaft Sinkers since 2007. He currently works for IMR in its business development function (2003 to present) but will, on Admission, no longer be employed by IMR. As IMR's South African representative, he was responsible for IMR's original investment in the Group in 2007 and oversight of the Group's subsequent development on behalf of IMR. He was previously Finance Director of Bateman Kazakhstan from 2003 to 2005. He is a fluent Russian speaker and is also a Non-executive Director of Samancor Chrome. Mr. Davidov has dual citizenship in South Africa and Israel.

### **Rob Schroder, COO, Age 41**

Mr. Schroder joined the Group in 2004 as Commercial General Manager, and was promoted to Managing Director of Shaft Sinkers in February 2008. He had previously set up and run his own project services consultancy practice in mining and heavy engineering for three years and had been a partner at Venn and Milford PQS (Quantity Surveyor, specialising in mining and heavy engineering) for three years. Mr. Schroder has dual citizenship in South Africa and the UK.

### **Chris Hall, CFO, Age 51**

Mr. Hall joined the Group in 2007 as the Chief Financial Officer following three years as the Chief Executive Officer of JSE-listed Excellerate Holdings. He has over 13 years' experience in the oil industry and was previously Finance Director of Total South Africa, during which time he spent seven years in France. He qualified as a Chartered Accountant and spent four years post-qualification at PricewaterhouseCoopers and Ernst & Young. Mr. Hall is a South African citizen.

### **Stephen Oke, Senior Independent Non-executive Director, Age 56**

Mr Oke holds a BSc Honours degree in Geology from the University of Southampton and an MBA from the University of the Witwatersrand Graduate School of Business. He has 35 years' experience in the mining and metals industry of which some 12 years were spent in various operational management positions for the National Coal Board, Anglovaal Ltd, BP Coal and Johannesburg Consolidated Investment Company Limited. Subsequently he has held senior positions in the investment banking industry for Smith New Court, Merrill Lynch, NM Rothschild and Sons and Standard Bank, specialising in the metals and mining sector, where he advised on a number of transactions and equity capital fund raisings worldwide. He is a Non-executive director of International Ferro Metals Limited and African Mining & Exploration plc and was previously on the boards of Nikanor plc, Katanga Mining Limited and Kazakhgold Group Limited. Mr. Oke is a UK citizen.

### **Ian Watson, Independent Non-executive Director, Age 67**

Mr Watson is a qualified mining engineer with over 45 years' experience of the mining industry. He joined Gold Fields of South Africa Ltd in 1962 and after working at various gold mines became Mine Manager at, successively, the West Driefontein gold mine, the Kloof Gold Mining Company and the Northam Platinum Ltd platinum mine and then Consulting Engineer from 1992 - 1998. He subsequently worked as Managing Director of Northam Platinum Ltd from 1998 - 2002, as Chief Executive Officer of International Ferro Metals (SA) (Pty) Ltd from 2003 - 2005 and as Chief Executive Officer of Boynton Investments (Pty) Ltd

until his retirement in 2009. He is a Professional Engineer (Engineering Council of South Africa) and holds a National Diploma in Mining from the Witwatersrand Technical College, a Mine Manager's Certificate of Competency from the South African College of Mining and has been a participant on the General Management Programme at Henley Management College in the UK. He is currently Non-executive Chairman of Galaxy Gold, a private company. Mr. Watson is a South African citizen.

**Roger Williams, Independent Non-executive Director, Age 47**

Mr Williams is a UK and South African chartered accountant with over 20 years' international experience in mining finance. After graduating from the University of Southampton with an honours degree in French and Spanish, he qualified as a chartered accountant with Touche Ross and joined the finance department of Carlton Paper. In 1997 he joined Randgold Resources working on its London Stock Exchange listing and its later secondary listing on NASDAQ and being appointed Group Finance Director in 2002. During 2002 - 2007 he was part of the management team that oversaw its expansion raising debt finance, managing its treasury operations and assisting on M&A and new business. He was subsequently Chief Financial Officer of JSE-listed AECI Limited and BSG Resources Limited, a private company, both involved in the mining industry. Mr. Williams is a UK citizen.

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This announcement includes forward-looking statements both with respect to the Group and the sectors and industries in which the Group operates. Statements which include the words "believes", "estimates", "expects", "intends", "plans", "projects", "seeks", "anticipates", "will", "targets", "aims", "may", "would", "should", "could", "continue" or, in each case, their negative or other variations or comparable terminology and similar statements of a future or forward-looking nature, including discussions of strategy, plans, aims, objectives, goals, future events or intentions, identify forward-looking statements.

All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Group's actual results of operations and financial condition to differ materially from those indicated in these statements. Any forward-looking statements speak only as of the date of this announcement. Subject to any obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules, the Company does not undertake any obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Group, the Directors or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph.

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The date of Admission may be influenced by things such as market conditions. There is no guarantee that Admission will occur and you should not base your financial decisions on the Company's intentions in relation to Admission at this stage. This announcement does not constitute a recommendation concerning the Placing. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. Information in this announcement or any of the documents relating to the Placing cannot be relied upon as a guide to future performance. Investments to which this announcement relates may expose an investor to a significant risk of losing all the amount invested. Potential investors should consult a professional advisor as to the suitability of the Placing for the person concerned.

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