



September 2015

A review of mining activity  
across the continent



# AFRICAN mining ROUNDUP

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## Exploration and feasibility studies

### **Côte d'Ivoire: Drilling confirms extension at Endeavour's Agbaou gold play**

Results from a drilling programme at Endeavour Mining's Agbaou gold mine, in Côte d'Ivoire, have confirmed extensions of mineralisation in the West pit area and have delineated the higher-grade zones at Beta and Gamma. The next phase of the group's 2015 drilling programme will focus on ensuring that these zones are brought into reserves at the end of this year, while strike extent testing will continue.

### **Eritrea: Colluli DFS to be completed by year-end**

A definitive feasibility study (DFS) on the Colluli potash project, in Eritrea, is expected by the fourth quarter of this year. Joint project owner Danakali has noted that, while a number of enhancements to the project will be fully explored by the end of September, discussions with equipment suppliers have indicated that firm costings will not be available until the fourth quarter.

### **Eritrea: Essel targets potash licence**

Essel Group India subsidiary Essel Group Middle East has continued its expansion into the African mining sector through the acquisition of Canadian company NGEx Resources' Bada potash exploration licence, in Eritrea. The company aims to start the first phase of drilling in the area in October. It plans on boring about five trenches in the initial phase, and has set its targets to be achieved by mid-2016.

### **Ethiopia: Circum DFS shows good prospects for Danakil potash project**

Potash project developer Circum Minerals has completed a definitive feasibility study (DFS) on its Danakil project, in Ethiopia, which has confirmed that the mine has a measured and indicated resource of 2.8-billion tonnes of potash salts at depths of less than 100 m to 500 m. The inferred resource hosts another 2.1-billion tonnes, for a total

mineral resource of 4.9-billion tonnes of potash salt. The DFS estimates that the first phase of development capital will amount to \$940/t versus the capital requirement of \$2 000/t of similar recently completed or planned projects in Canada and Belarus.

### **Ethiopia: Kefi finalising selection of contractors, financiers for Tulu Kapi**

Gold exploration and development company Kefi Minerals is in the final stages of selecting two principal contractors and the shortlisted financiers for the \$135-million mining and processing plant development at the 1.2-million-ton-a-year Tulu Kapi gold mine, in Ethiopia. Major works on the project are expected to start in the fourth quarter of this year, with Kefi eyeing commissioning of the 80 000 oz/y to 90 000 oz/y operation by the end of 2016.

### **Liberia: Tawana submits scoping, ESIA terms of reference reports**

Dual-listed Tawana Resources has submitted a scoping report and terms of reference report for an environmental- and social-impact assessment (ESIA) for its Mofe Creek project to the Liberia Environmental Protection Agency (EPA) for review. Once the terms of reference report is approved by the EPA, Tawana can "fully progress" the Mofe Creek project's ESIA studies.

### **Mozambique: Syrah raises A\$211m to fund Balama construction**

Graphite developer Syrah Resources has announced a A\$211-million capital raise to fund the development of its Balama project, in Mozambique. The company will raise the funds through an institutional placement and pro rata renounceable entitlement offer, which have both been fully underwritten. A recent feasibility study estimated that the Balama project will require capital investment of about \$138-million to deliver a 380 000 t/y operation.

### **Namibia: Next Graphite starts testing bulk sample from project**

Exploration/development-stage company Next Graphite has started testing lump graphite for quality and purity, following the conclusion of a bulk sampling programme at its Aukam property,

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in Namibia. The 25 t bulk sample was pulled from one of three existing adits at Aukam and testing is expected to further define the characteristics of the material and its suitability for added-value manufacturing applications.

Meanwhile, TSX-V-listed Caribou King Resources has received a nod of approval from the stock exchange to proceed with an option to acquire an initial 63% of the Aukam project. Under the terms of the deal, Caribou will issue 3.5-million shares to arms-length vendors and has committed to spending up to \$1.1-million over 18 months, with the first year's cash commitment being about \$125 000.

### **Namibia: North River to raise funds for lead/zinc project**

Aim-listed North River Resources (NRR) is, as part of a two-stage fundraising programme, seeking to raise \$4-million to progress its flagship lead/zinc Namib project, in Namibia, to a construction decision. The funding will be carried out through an initial placing of \$1.2-million of unsecured 10% convertible loan notes, followed by a \$2.8-million placing and open offer of new ordinary shares to new and certain existing shareholders in September. The fundraising will enable NRR to continue to work towards delivering an economically and operationally robust project ahead of construction.

### **Republic of Congo: Elemental launches studies at Sintoukola**

Potash hopeful Elemental Minerals has launched a bankable feasibility study (BFS) at its Kola sylvinitic project and a prefeasibility study (PFS) at its Dougou carnalite project. The two projects form part of the larger Sintoukola permit, in the Republic of Congo. The BFS for the Kola project is expected to be completed by the third quarter of 2016, with construction expected to start in the second quarter of 2017. The Dougou PFS, meanwhile, is scheduled to be completed in the second quarter of 2016, along with an environmental- and social-impact assessment.

### **Senegal: Minemakers shareholders support Baobab deal**

The shareholders of ASX-listed Minemakers have backed the acquisition of the Baobab phosphate

project, in Senegal. In April, Minemakers announced that it would acquire the Baobab project from shareholder Agrifos in exchange for 100-million Minemakers shares, 80-million unlisted options at an exercise price of 25c each and a further 80-million contingent shares, which could be vested on the reaching of two separate milestones.

### **South Africa: Ivanhoe starts feasibility study on first phase of Platreef project**

TSX-listed Ivanhoe Mines has initiated a feasibility study for the first phase of the development of its Platreef project, in Limpopo. The study aims to build on the positive findings of the prefeasibility study completed in January to build an underground mine, concentrator and other associated infrastructure to support initial concentrate production of four-million tonnes a year by 2019.

### **South Africa: Legislative changes to be supportive of offshore oil, gas drilling – Zuma**

President Jacob Zuma has indicated that the finalisation of the Mineral and Petroleum Resources Development Act Amendment Bill, which is currently in the Parliamentary process, will assist the country to accelerate offshore oil and gas exploration. Delivering an update on government's Operation Phakisa, Zuma noted that there is still an aspiration, under the Oceans Economy Phakisa, to stimulate the development of 30 offshore exploration wells in ten years.

### **South Africa: Sylvania mulls sale of Grasvally chrome project**

Aim-listed Sylvania Platinum is considering placing its Grasvally chrome exploration project up for sale during the 2016 financial year. The company expects to complete exploration at the project in October, with the application for authorisation to mine the area to be pursued shortly thereafter.

### **South Africa: WCP partners review capex**

JSE-listed Firestone Energy is conducting an optimisation study to review its joint venture Waterberg Coal Project's (WCP's) capital requirements, to enhance the viability of the four-million-ton-a-year thermal coal project. The WCP partners – Firestone and Waterberg Coal – are confident that the optimisation process will derive positive outcomes, resulting

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in considerable reductions in capital funding requirements for the project. The company has also completed a definitive feasibility study for the proposed development of an export project mine, encompassing the optimisation study, which includes consultation with world-class plant designers and competitive contract vendors for the mining and processing facilities and services.

### **Tanzania: Edenville raises £250 000 for Rukwa**

Aim-listed Edenville Energy has placed 500-million new ordinary shares to raise funds to complete the mining licence application process for its Rukwa coal project, in Tanzania, as well as moving discussions with interested partnership groups forward. The company also placed 500-million warrants. It raised £250 000.

### **Tanzania: Magnis gets enviro nod for Nachu graphite project**

ASX-listed junior Magnis Resources has moved one step closer to ticking all the boxes at its Nachu graphite project, after an environmental certificate was issued by the National Environment Management Council of Tanzania. The certificate is essential to the granting of a mining licence for the project.

### **Tanzania: PFS points to coal sales of up to \$48.6m/y at Mbeya project**

A prefeasibility study (PFS) on the mining portion of Tanzania-focused Kibo Mining's Mbeya coal-to-power project has outlined potential yearly revenues from coal sales of between \$48.4-million and \$48.6-million and a yearly profit margin of between \$24-million and \$27-million. Findings from Phase 2, Stage 1 of the mining PFS further point to a return on investment of between 595% and 903% and a payback period of between 2.6 and 3.65 years.

## **Projects**

### **Botswana: Lerala development will need expats**

ASX-listed Kimberley Diamonds' overall project schedule for the A\$14.6-million Lerala diamond

mine, in Botswana, remains on track, with diamond production to start in February next year.

The company has noted that, while it will endeavour to source and employ local personnel, the Lerala mine will likely require a number of skilled expatriates. As a result, a permanent accommodation camp will need to be built as part of the refurbishment project.

### **Burkina Faso: Karma construction steams ahead**

Construction is progressing rapidly at True Gold's \$131.5-million Karma project, in Burkina Faso. True Gold restarted construction at the project in May, after protests by religiously motivated locals had halted construction in January. The company has since made significant progress at Karma, with construction 62% complete. The project is on track to pour first gold by the end of the first quarter of next year.

### **Democratic Republic of Congo: Armadale targets H1 production start for Mpokoto gold project**

Aim-listed Armadale has indicated that a review of metallurgical testwork has supported the development of a planned process route for gold recovery at the 678 000 oz Mpokoto gold project, in the Democratic Republic of Congo. The company expects a production rate of about 25 000 oz/y of gold over an initial nine-year mine life and is targeting production to start in the first half of 2016.

Meanwhile, Armadale has raised £700 000 through the placement of 20-million new ordinary shares of 0.1p each in the capital of the company at a price of 3.5p apiece with institutional and other investors. The funds will allow the company to continue the development of the Mpokoto project by starting groundworks in conjunction with drilling.

### **Ghana: AngloGold Ashanti seeks partner for Obuasi**

Gold miner AngloGold Ashanti has indicated that it is hoping to secure a development partner for its Obuasi project, in Ghana. Operations at Obuasi were scaled back last year, and a feasibility study is currently under way into a future based on achieving higher production and lower costs

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through a scale-up of the underground mine and a rejuvenation of the plant and infrastructure.

### **South Africa: Jubilee in talks over R255m debt facility**

Mine-to-metals specialist Jubilee Platinum has indicated that it is in advanced talks for a debt facility. The company has sought a R255-million debt funding facility with a major financial institution. Meanwhile, Jubilee has placed 71.8-million new ordinary shares of 1p each at a price of 3.4p apiece, raising £2.44-million. The combined funds from the placing, together with the debt funding and the sale of nonplatinum assets, will address funding requirements for the design, construction, commissioning and working capital.

### **South Africa: RBPlat to scale back Styldrift project**

Black-owned Royal Bafokeng Platinum (RBPlat) has indicated that it will scale back on construction at its Styldrift 1 expansion project owing to a sustained depression in the platinum-group metals market. The company has noted that it will reduce the level of activities at Styldrift 1 to such an extent that all construction can be funded by excess cash flows generated by the Bafokeng Rasimone platinum mine joint venture and revenue generated from on-reef development at Styldrift 1.

### **South Africa: Resgen evaluates contractor mining**

South Africa-focused Resgen, which is developing the Boikarabelo mine, is seeking quotes from mining contractors as it considers whether a contract-mining model will lower the mine's costs and capital requirements. The evaluation of the contract-mining model is at the request of a club of financiers, with which the company has been negotiating a potential multi-layered funding package. The financiers are hoping that the adoption of a contract-mining model will lower gearing levels.

### **Tanzania: ThyssenKrupp seals major graphite deal with Kibaran**

German industrial group ThyssenKrupp has concluded a deal with Kibaran Resources to buy 50% of the planned output of Kibaran's proposed

Epanko graphite project, in Tanzania, for ten years. Kibaran has been granted an initial ten-year mining licence for the project.

### **Zambia: First Quantum Minerals launches \$2.1bn copper mine**

First Quantum Minerals has launched production at its \$2.1-billion Sentinel copper mine, which has been under construction since June 2012. The mine will produce between 280 000 t/y and 300 000 t/y of copper at full production from one large low-grade orebody containing 0.51% copper. Ramp-up to commercial production levels is expected to start once State-owned power utility Zesco connects electricity to the mine.

## **Operations**

### **Botswana: Karowe continues to deliver exceptional diamonds**

Southern Africa-focused miner Lucara Diamond Corp has reported that its flagship Karowe mine, in Botswana, continues to deliver according to expectations, having recently recovered an enormous Type IIa, 336 ct diamond. The company has noted that, over the past three years since it found the first large diamond at Karowe in 2013, 216 diamonds selling for more than \$250 000 each have been recovered. Twelve of these diamonds sold for more than \$5-million each.

### **Democratic Republic of Congo: Tiger struggles in interim period**

Copper cathode producer Tiger Resources has swung to a loss in the interim period ended June, despite a 111% increase in revenues. The company reported a net loss after tax of A\$5.6-million for the six months under review, compared with a net profit after tax of A\$10.3-million in the previous corresponding period. The company said the 154% decrease in profits resulted from a noncash depreciation and amortisation expense relating to its Kipoi solvent extraction and electrowinning plant, in the Democratic Republic of Congo, which started commercial production in July 2014, and higher finance costs resulting from interest and fees on additional secured debt facilities.

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### **Democratic Republic of Congo/Mali/Côte d'Ivoire: Randgold beats price blues**

Africa-focused gold mining company Randgold Resources staved off the low gold price with aplomb in the three months to June 30, taking gold production to record heights, lifting quarter-on-quarter profit, lowering costs and continuing to invest in capital projects without weakening its balance sheet. Production topped 300 000 oz in the quarter for the first time, with guidance for the year still intact at 1.2-million ounces to 1.26-million ounces at cash costs of between \$650/oz and \$700/oz.

### **Egypt: Centamin reports lower Q2 earnings**

A 2% drop in the average realised gold price and lower gold sales volumes led to a 30% quarter-on-quarter decrease in dual-listed Centamin's earnings before interest, taxes, depreciation and amortisation (Ebitda) to \$37.3-million in the three months to June 30. Ebitda was, however, 14% higher than that reported for the comparative period in 2014, owing to the company's expanded Sukari operation, in Egypt, continuing to deliver competitive returns in a weak gold price environment and partially offset by an \$11/oz decrease in the cash cost of production to \$706/oz, mainly as a result of a reduction in the fuel price offset by a slight increase in openpit mining and processing costs. Gold production in the quarter was comparable with that of the first quarter of the year.

### **Ghana: Edikan mine unaffected by illegal miner clashes**

Dual-listed gold miner Perseus Mining has indicated that its gold production was unaffected by clashes between illegal miners and Ghanaian national security forces in the town of Ayanfuri, near the company's Edikan mine. Members of the Ghanaian military were deployed to arrest illegal miners operating in the area. The security forces arrested 32 illegal miners, leading to clashes, which resulted in a bus and a drill rig belonging to contractors being burnt. None of Perseus's property was damaged and none of its employees were injured in the incident.

### **Madagascar: Sherritt's Ambatovy project puts in strong July performance**

Multinational miner Sherritt International has reported much-improved operating metrics at its

Ambatovy nickel/cobalt project, in Madagascar. For July, finished nickel output was 1 694 t, or about 83% of nameplate capacity, and finished cobalt output was 128 t. Ore throughput in the pressure acid leach circuit was 470 050 t on a 100% basis, or about 94% of nameplate capacity.

### **Madagascar: Stratmin lifts plant output rates at graphite play**

London-listed graphite production and exploration company Stratmin Global Resources has successfully completed the second stage of plant optimisation at the Madagascar-based Loharano operation, increasing production rates to up to 900 kg an hour of refined graphite. Further efficiencies are expected once the plant is in continuous production.

### **Mozambique: Kenare's H1 losses widen**

London-listed Kenmare Resources has reported continuing widening losses for the first half of the year, as reduced production and a weak market battered its performance. The company, which operates the Mozambique-based Moma titanium minerals mine, posted an operating loss of \$27.2-million for the six months ended June, an increase on the \$17.9-million operating loss reported in the prior corresponding period last year. Kenmare's gross loss for the period under review plunged to \$18.1-million, compared with a gross loss of \$1.6-million in the six months to June 2014.

### **South Africa: Assore earnings nose-dive amid weak iron, steel environment**

"Substantially" lower iron-ore and manganese prices and challenging operating conditions have contributed to JSE-listed Assore posting lower headline earnings and profit for the 2015 financial year. Headline earnings were down 53.3% to R2-billion, compared with R4.2-billion in the 2014 financial year, while profit fell 68% to R1.3-billion, compared with R4-billion in the prior comparative period.

### **South Africa: Bauba Platinum delivers positive FY earnings**

JSE-listed Bauba Platinum has entered into positive earnings territory, having transitioned from a junior explorer to a cash-generating chrome producer in the financial year to June 30. Bauba reported a turnaround from a R12.5-million loss after tax in

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2014 to a profit after tax of R6.3-million in 2015, with profit of R934 000 attributable to the parents of the group. Revenue of R40-million was generated for the year under review, after Bauba temporarily sidelined platinum exploration activities in favour of starting its Moeijelijk chrome operation, in Limpopo, in March.

### **South Africa: Buffalo Coal accelerates conveyor relocation at Magdalena**

TSX- and JSE-listed Buffalo Coal has been forced to accelerate the planned relocation of a portion of the conveyor infrastructure at its Magdalena mine, owing to a fall-of-ground incident at the mine. The project was expected to be completed by the end of August.

### **South Africa: Buffalo to fight DMR's retraction of Aviemore mining right**

TSX- and JSE-listed Buffalo Coal is preparing to contest the Department of Mineral Resources' (DMR's) decision to withdraw its Aviemore anthracite mine's mining right. Further, the company is moving to obtain an urgent interdict to ensure the right is not awarded to another company. The 2013 Mining Right 301, as well as the approval for the Environmental Management Plan, for Aviemore were retracted on the back of "procedural issues" relating to an earlier objection by Aviemore Trust over the award process.

### **South Africa: Exxaro reports operating profit for six months to June**

Diversified miner Exxaro has reported a net operating profit of R1.8-billion for the six months ended June 2015, compared with an operating loss of R4-billion in the same period in 2014. Headline earnings fell from R2.8-billion in the six months to June 2014 to R1-billion in the period under review, with headline earnings a share dropping to 303c from 793c. Exxaro cut capital expenditure by 37% to R1-billion during the first half of the current financial year, while its net debt position improved from R2.6-billion in the corresponding period last year to net cash of R55-million as at June 30.

### **South Africa: Glencore mulls closing its Eland platinum mine**

Miner and commodity trader Glencore is reviewing its Eland platinum mine and has informed the

government and trade unions of a possible closure due to falling metal prices. The closure will affect just under 1 000 jobs at the mine.

### **South Africa: IFM subsidiary enters business rescue**

Deteriorating business conditions have pushed London-listed International Ferro Metals' (IFM's) South African subsidiary into business rescue proceedings. The financially distressed IFM SA, which operates the Lesedi underground mine and ferrochrome smelting operations, has been battling a downward trend in its operations and profitability that has proved more "deep-seated and sustained than anyone expected".

Since the beginning of the 2015 financial year, the company has faced unsustainably low ferrochrome prices, rising costs, including labour and electricity costs, and interruptions in power supply and the resultant production losses.

### **South Africa: Impairments push Harmony loss to R4.54bn for FY2015**

Dual-listed Harmony Gold posted a R4.54-billion net loss for the 2015 financial year, compared with a loss of R1.27-billion in the prior financial year, mainly owing to R3.5-billion in impairments incurred during the three months ended June 30. The gold producer further reported a headline loss a share of 189c for the year under review, compared with a headline loss a share of 26c the year before.

Gold production fell by 8% year-on-year to 1.08-million ounces, compared with the 1.17-million ounces produced in the 2014 financial year.

### **South Africa: Northam posts R1.03bn FY loss**

JSE-listed Northam Platinum posted a R1.03-billion loss for the 2015 financial year, in line with expectations. The company achieved an operating profit of R595.8-million for the 12 months to June 30, with corporate transactions incurring a one-off expenditure of R1.58-billion. This reflected the accounting charges and costs associated with two major corporate deals – Northam's R6.6-billion black economic-empowerment deal and a R4.6-billion capital raise – during the year. The company's sales revenue increased by 13% year-on-year to R6.1-billion.

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### South Africa: Sibanye expects improved second-half performance

Gold mining company Sibanye Gold has reported producing 713 900 oz of gold in the first half of the current financial year. The company has also reported 6%-lower June quarter all-in sustaining costs of \$1 054/oz – with considerable tailwind support from a weakening South African currency. Operating profit doubled from R744-million in the March quarter to R1.62-billion in the June quarter, prompting a 10c-a-share dividend payout on lowered net debt and 12%-higher gold reserves of 19.9-million ounces. Barring any unplanned disruptions, Sibanye expects to deliver a significantly improved second-half performance.

Meanwhile, Sibanye has expressed excitement about the outcome of a feasibility study that points to a lucrative potential go-ahead for its West Rand Tailings Retreatment project.

### South Africa/Ghana: Gold Fields swings to black in Q2, but cuts guidance at South Deep

While a solid showing from its Peruvian, Ghanaian and Australian operations pushed Gold Fields' second-quarter earnings to \$22-million, the company has cautioned of a likely output slip at its South Deep gold mine, in South Africa, narrowing the operation's forecast yearly production by 8.5% to 229 280 oz. South Deep is running about two years over its development schedule, but the company maintains it is starting to show "green shoots".

### South Africa/Ghana/Guinea/Mali/Tanzania: AngloGold pumps free cash, beats operating guidance

Gold mining major AngloGold Ashanti generated \$71-million of free cash flow in the second quarter, with production and costs beating guidance on strong performance from its international mines and a recovery in its South African operations. The company reported production of 1.007-million ounces at a total cash cost of \$718/oz in the three months to June 30, 2015, compared with 1.098-million ounces at a total cash cost of \$833/oz in the second quarter of 2014. The performance beat guidance convincingly with all-in costs falling 12% to \$1 021/oz.

Meanwhile, as part of its \$3.1-billion debt reduction strategy and to lower interest payments, AngloGold Ashanti is offering to buy back up to \$810-million in the aggregate principal amount of its outstanding 8.5% high-yield bonds, maturing in 2020. The company will use cash on hand and borrowings under existing credit facilities, if needed, to buy back the bonds.

### South Africa/Zimbabwe: Aquarius looks for friends in platinum

Platinum producer Aquarius Platinum has reported that group attributable production increased by 5% to 349 426 platinum group metal ounces for the year ended June 30, 2015, despite the impact of the 2014 strike on the PlatMile operation, with both Kroondal and Mimosa delivering record production over the 12 months. The company posted a narrowing of earnings before interest, taxes, depreciation and amortisation to \$26-million and a 9% slump in revenue to \$213-million for the period.

Meanwhile, Aquarius has noted that it is looking to its neighbours in the platinum belt for possible operational synergies that could ease production costs as it rides out the depressed market fundamentals.

### Zambia/Mozambique: Gemfields lifts FY output

Aim-listed Gemfields' 75%-owned Kagem emerald mine, in Zambia, delivered 8.1-million carats of emerald and beryl in the quarter ended June 30, lifting output for the full 2015 financial year to 30.1-million carats of emerald and beryl. Meanwhile, the company's 75%-owned Montepuez ruby mine, in Mozambique, produced about 700 000 ct of ruby and corundum in the quarter ended June 30, up from 200 000 ct in the prior comparative period. This took full-year production to 8.4-million carats of ruby and corundum, compared with the 6.5-million carats produced in the prior year.

### Zimbabwe: Caledonia sounds the alarm on weak gold price

Zimbabwe-focused Caledonia Mining has indicated that the first half of this year progressed according to plan in terms of production and costs as the group implemented a revised investment

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plan at its 49%-owned Blanket gold mine. However, the company has warned that expectations for its financial performance should be revised to reflect the recent downward trend of the gold price and the resultant prevailing environment. Caledonia produced 20 361 oz of gold in the six months to June 30 – ahead of its guidance, but down on the 21 464 oz produced in the corresponding period last year.

### **Zimbabwe: Q1 brings mixed bag for multicommodity miner Mwana**

Multicommodity miner Mwana Africa lifted gold production from its Freda Rebecca mine, in Zimbabwe, by 6% to 16 985 oz in the quarter ended June 30, benefiting from a 30% increase in tons mined to 316 151 t and an 11% improvement in feed grade to 2.03 g/t. Conversely, tons milled at the operation decreased, mainly owing to a decrease in mill running time, which was hampered by the relining of the grates for both mills and the replacement of the No 1 mill's trunnion liner. Cash costs, at \$930/oz, were down 25% quarter-on-quarter, mainly owing to an increase in ounces produced and a reduction in operating costs. All-in sustaining costs were, meanwhile, cut by 24% to \$1 093/oz.

### **Zimbabwe: Zimplats boost 4E metal output but posts 40% slip in Q4 revenue, profit falls 56% for FY**

After successfully increasing the ore mined across its operations by 19% quarter-on-quarter to 1.48-million tons for the three months ended June 30, platinum miner Zimplats has lifted the production of platinum, palladium, gold and rhodium (4E) metal-in-concentrate by 12% delivering 119 427 oz in the quarter under review. However, the company's revenue narrowed by a hefty 41% to \$64.64-million over the three months, swinging the miner to a loss from operations, after royalties, of \$32.58-million. This came despite a 20% reduction in operating costs as a result of the decrease in overall sales volumes.

For the year ended June 30, Zimplats recorded an after-tax profit of \$56 138, which was 56% down year-on-year. Revenue for the financial year decreased by 29%, from \$576-million in the previous year to \$408-million, mainly owing to a 20% reduction in 4E sales volumes. The company's

cost of sales of \$316-million was 5% lower than the previous year, owing to the decrease in sales volumes, which was partly offset by higher costs associated with underground roof support in bad ground areas.

## **Corporate**

### **African Potash signs three-year deal with Comesa**

To create a vertical platform to mine, produce and distribute fertiliser in the Common Market for Eastern and Southern Africa (Comesa) region, Aim-listed African Potash and Mask Africa Crowd Farm Fund (MACFF) have entered into a three-year trading agreement with Comesa. Under the terms of the agreement, the exploration company and MACFF will supply and deliver at least 500 000 t/y of fertiliser to off-takers identified and introduced by Comesa.

Under this agreement, African Potash has entered into a memorandum of understanding (MoU) that will result in it supplying a Zambia-based fertiliser supply company with more than 50 000 t of fertiliser. The MoU is subject to the conclusion of definitive transaction agreements.

### **Burkina Faso: Avocet adjusted FY guidance downwards**

Aim-listed Avocet Mining has adjusted its expected full-year gold output downwards to between 75 000 oz and 80 000 oz of gold, while it mulls options of repaying loans due to an affiliate of its largest shareholder Elliott Associates. The weak gold market and the "disappointing operational performance" over the past three years of Avocet's only operating mine, Burkina Faso-based Inata, has resulted in the company being unable to raise sufficient equity to provide funding for corporate purposes or to repay its loans.

### **Burkina Faso/Guinea: Avocet draws down on loan facility to continue business review**

Aim-listed Avocet Mining has drawn down further funds under the third Elliott loan facility of about \$2.4-million, agreed with Manchester Securities, an affiliate of the company's largest shareholder Elliott Management Corporation. The funds will be used

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to meet Avocet's corporate requirements through to the end of October, allowing it to continue its business review, while exploring longer-term funding options. Avocet continues to consider options for increasing the value of its assets, including its Inata mine and the adjacent Souma deposit, in Burkina Faso, and its Tri-K development project, in Guinea.

### **Democratic Republic of Congo: Ivanhoe, Zijin extend Kamoa transaction completion date**

TSX-listed Ivanhoe Mines and Zijin Mining Group have extended the completion date for Zijin's planned investment in Ivanhoe's Kamoa copper project, in the Democratic Republic of Congo, to 15 business days after the satisfaction of waiver of all conditions precedent to the transaction have been met. This has supplanted the original target date of July 31.

### **Guinea/Sierra Leone: Stellar raises \$330 000, rejigs capital structure**

London-listed Stellar Diamonds has raised \$330 000 through the issue of a new unsecured convertible loan note to Germany-based investment group Deutsche Balaton, providing the West Africa-focused miner funding to advance development of a "significant" hard rock diamond mine from its portfolio of projects in the region. The company has additionally granted Deutsche Balaton a warrant to subscribe for new ordinary shares for an aggregate subscription price of \$330 000.

Stellar is continuing trial mine evaluation at its Baoulé kimberlite mine, in Guinea, and is progressing the 1.45-million-carat Tongo Dyke-1 resource through the mining licence application process. In addition, Stellar holds the three-million-carat Droujba project, in Guinea, and continues to pursue channels to ensure the proper reinstatement of its Kono licences, in Sierra Leone.

### **Lesotho: Paragon gets govt go-ahead for Mothae acquisition**

Aim-listed Paragon Diamonds has obtained the necessary formal approval from the Lesotho government to complete the \$8.5-million acquisition of a 75% interest in, and operatorship of, the Mothae kimberlite resource from TSX-listed

Lucara Diamond Corporation. Once the deal is concluded, Paragon will simultaneously develop and start production at Mothae and its 80%-owned Lemphane project, to take advantage of economies of scale, thereby reducing costs.

### **Republic of Congo: Equatorial divests of iron project**

ASX-listed junior Equatorial Resources has entered into a conditional sales agreement with a subsidiary of European commodities trader Interallloys Trading to divest of its Mayoko-Moussondji iron project, in the Republic of Congo. Interallloys subsidiary Midus Global will acquire the project for A\$5-million in cash, as well as a 2% royalty over all iron-ore produced and sold at the Mayoko-Moussondji operation. Midus has already paid a A\$500 000 deposit, which will be deducted from the purchase price at the completion of the transaction.

### **South Africa: Atlatsa misses financial filings deadline**

JSE- and TSX-listed Atlatsa Resources has missed the deadline for publishing its interim financial results, as "significant doubt" remains over the platinum miner's ability to continue as a going concern. The group has noted that there are several uncertainties surrounding its operations, its financial condition and the state of commodity markets, which have led to an indefinite delay in releasing its financial results for the six months to June 30. By late August, the company remained uncertain as to when it would be able to file its interim financial results.

### **South Africa: Black-owned Exxaro commits to fresh BEE in rejigged coal deal**

Black-owned mining company Exxaro, which has succeeded in negotiating a \$210-million cut in the purchase price of Total Coal South Africa, continues to be statutorily obliged to find a black economic-empowerment (BEE) partner as a government condition to transfer of ownership to it.

The JSE-listed company's 52% black ownership is insufficient to free it from the obligation of providing fresh empowerment credentials for the formerly French-held coal assets in the Mpumalanga coalfields. Engagement with various role-players and potential BEE partners is already under way.

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### South Africa: CoAL secures funds to advance Makhado project

Triple-listed Coal of Africa Limited (CoAL) has entered into subscription and loan agreements with Singapore-registered private investment company Yishun Brightrise Investment PTE, which will result in Yishun taking a 9.5% equity stake in CoAL for £9.4-million, or about \$14.7-million. The funds will be used to finance the preconstruction costs at CoAL's Makhado coking and thermal coal project, in South Africa, as well as for working capital purposes. The agreement is subject to shareholder approval and CoAL will, within 60 days, hold an extraordinary general meeting to allow shareholders to vote on the deal.

### South Africa: Eastplats extends asset sale closing date to Dec

Dual-listed Eastern Platinum (Eastplats) has extended the closing date to sell its South African platinum assets to Hebei Zhongbo Platinum from August 7 to December 31 as the restructuring of the initial agreement continues. The parties are continuing with the execution of the definitive agreements, and all the necessary South African regulatory approvals are still outstanding.

### South Africa: Eskom unveils new coal-sourcing strategy

State-owned electricity utility Eskom has confirmed an overhaul of its coal-sourcing model, which could result in it withdrawing from its historical cost-plus arrangements with "tied collieries" in favour of arms-length commercial contracts with coal suppliers. The change in strategy comes amid a high-profile dispute with the tied Optimum colliery, in which Eskom is pursuing a penalty claim of R2-billion owing to breaches of contract.

### South Africa: Evraz Highveld bidders given week's extension to make binding offers

Embattled steel producer Evraz Highveld Steel and Vanadium has granted potential bidders a week's extension to submit binding offers. An initial deadline of August 21 had been set, which was subsequently extended to August 28 at the request of the bidders. Evraz Highveld is also seeking to sell its subsidiary Mapochs mine for \$10-million to a buyer that will facilitate the rescue of the Limpopo-

based mine. The company and the Mapochs mine have been in business rescue since April.

On August 31, it was reported that three formal bids had been received by the practitioners presiding over the business rescue of Evraz.

### South Africa: Lemur buys more projects

Diversified hopeful Lemur Resources has signed a binding term sheet with JSE-listed explorer Sable Metals and Minerals to acquire stakes in three vanadium projects, in South Africa. Lemur will acquire Sable's interests in the three tenements for \$600 000, as well as a 1.75% royalty on the gross sales of product yielded from the combined project area, payable quarterly in arrears, and subject to a certain minimum and maximum per tonne of product sold.

### South Africa: Major changes flagged for Sunbird

South Africa-focused Sunbird Energy has announced a plethora of developments, including changes to management, a debt restructuring, a potential capital raise and a dual listing on the JSE. The ASX-listed company has indicated that its rapid evolution from a purely upstream junior explorer to a gas project development company has necessitated a shift in the company's centre of gravity of activity from Australia to South Africa, where the Ibhubesi natural gas project is being developed, offshore the Western Cape.

### South Africa: Merafe H1 earnings slump

JSE-listed Merafe Resources has posted a 12% rise in revenue to R2.2-billion as ferrochrome sales delivered a double-digit increase to 191 000 t during the first half of 2015. However, Merafe's earnings before interest, taxes, depreciation and amortisation from its Glencore-Merafe chrome joint venture for the six months ended June 30, contracted to R355.3-million, compared with the R468.5-million posted in the corresponding period last year.

### South Africa: Optimum Coal heads for business rescue as Eskom plays hardball

London-, Hong Kong- and Johannesburg-listed Glencore has indicated that business rescue

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proceedings are to begin at both its Optimum Coal Holdings and Optimum Coal Mine after attempts to renegotiate a 22-year-old lossmaking supply agreement with Eskom ended in the State-owned electricity utility asserting its rights to past and future penalty claims. In mid-August, Glencore noted that the directors of Optimum were of the view that there was a reasonable prospect of rescuing Optimum Coal if the supply agreement with Eskom can be renegotiated. Glencore has indicated that it is important that the Optimum Coal issue is resolved well so that the company can become operational once more.

The coal-supply agreement between Optimum and Eskom's Hendrina power station will be suspended for the duration of the business rescue proceedings. The business practitioners have noted that they are obliged to minimise the immediate cash losses to provide scope and time to develop a business rescue plan for the mine. Eskom has indicated that it wants compensation from Optimum if it is unable to supply coal to the Hendrina power plant.

Prior to the business rescue move, Optimum took various steps to restructure its operations, which included retrenchments. The Department of Mineral Resources (DMR) alleges that these retrenchments were carried out in an inhumane manner and without due regard for all the legal prescripts governing the retrenchment process and, as a result, suspended Optimum's mine right. The DMR subsequently lifted the suspension on Optimum's right to mine, having reached consensus with Glencore on remedying issues of concern.

### **South Africa: R650m deal may open way for mining of Free State gas resource in 2016**

Alternative energy company Renergen has announced plans to acquire 90% of gas exploration and development company Molopo from Windfall Energy in a deal valued at R650-million. Molopo holds onshore production rights covering 187 000 ha in the Free State, as well as additional exploration rights in both Free State and Mpumalanga provinces. Proven reserves in the production-right area have been signed off by Venmyn Deloitte and Renergen reports that they have a net present value of about R2.2-billion.

### **South Africa: R&E recovers more income from Kebble estate**

JSE-listed Randgold & Exploration has indicated that it received R6.3-million in income for the year ended June 30, including the further recovery of R4.4-million from the insolvent deceased estate of the late Brett Kebble.

### **South Africa: Universal Coal draws on R285m facility, Ichor raises Universal stake then indicates intention to make bid**

ASX-listed Universal Coal has strengthened its cash position and shifted its project finance debt facilities to more favourable terms following a drawdown of its R285-million Kangala finance facility with Investec Bank. The drawdown, which effectively replaces the previous project finance debt facility with FirstRand Bank, has released restricted cash and will help expedite the development of Universal's second operation, the New Clydesdale colliery (NCC).

Meanwhile, international coal company IchorCoal has increased its shareholding in South Africa-focused Universal Coal by more than 10% after converting its preferred shares into ordinary shares at a ratio of 1:1. IchorCoal has also indicated its intention to make an all-cash offer of A\$80-million to acquire the shares in Universal Coal that it does not already own. Universal Coal has brushed off the indicative takeover offer from IchorCoal, calling it inadequate and opportunistic.

Universal Coal has completed the acquisition of the NCC, bringing to fruition the company's plans to be a multimine coal producer before the end of this year. The company has been given clearance to start recommissioning the mine with the transfer of the mining right.

### **Tanzania/South Africa: Magnum offloads remaining share in Tantalite Valley project for R7m**

ASX-listed Magnum Mining & Exploration has progressed to offload its remaining 40% interest in the Tantalite Valley project, in Namibia, to fellow miner African Tantalum for R7-million, signing a sale and purchase agreement that will result in it selling its remaining shareholding in the project

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and outstanding loans by September 11. The funds received will be used to expand planned exploration, evaluation and development activities at the Gravelotte emerald project, in South Africa.

## Labour

### South Africa: Coal wage negotiations

South Africa's biggest coal sector union, the National Union of Mineworkers, rejected an offer of salary increases of between 5% and 6.5% from employers body the Chamber of Mines (CoM), in mid-August, saying the offer is "insulting". Workers in the sector want pay increases of up to 15%. Coal prices are at near-decade lows and have fallen about 10% this year on a supply glut.

Meanwhile, as a wage negotiation dispute between the CoM and trade union Solidarity unfolded within the gold sector, Solidarity indicated that it wants to negotiate the coal wage agreement directly with coal producers.

### South Africa: Gold wage negotiations

In early August, members of South Africa's Association of Mineworkers and Construction Union rejected a wage offer from gold producers of increases up to 17%. The Chamber of Mines (CoM) subsequently reported that all unions representing workers in the gold sector had rejected the final wage increase offer from bullion producers, setting the stage for protracted negotiations. The employers reverted to a previous offer. A dispute was declared, sending the negotiations to a government mediator, a necessary regulatory step before their members could go on strike.

While indicating its intention to accept a gold-sector wage deal by the CoM, trade union Solidarity was unable to accept the deal unilaterally, as the offer was contingent on the acceptance of all four unions represented in the sector. Solidarity subsequently accused the CoM of negotiating the gold wage agreements in "bad faith" after it declared a dispute against the union and withdrew its offer.

### South Africa: Govt, labour, business ink declaration to stem job losses in mining sector

Several trade unions, representatives of the Department of Mineral Resources and leaders from the South African Chamber of Mines have committed to embarking on a ten-point action plan aimed at stemming the deluge of job losses in the buckling sector, signing a declaration crafted during a multistakeholder mining leadership process. The declaration commits signatories to identifying short-, medium- and long-term interventions to solve the challenges facing the mining industry, including recent and potential job losses.

### South Africa: Kangala contractor, union ink wage deal

Mineral Resource Development, the contractor responsible for the coal handling and processing plant at Universal Coal's Kangala colliery, has signed a three-year wage deal with the Association of Mineworkers and Construction Union. The agreement provides for increases in employees' wages, along with the provision of a housing allowance and a production-related bonus.

### South Africa: Labour Appeal Court reserves judgment in AMCU appeal

The Labour Appeal Court has reserved judgment following the hearing of an appeal lodged by the Association of Mineworkers and Construction Union (AMCU) against a 2014 decision of the Labour Court – in favour of the Chamber of Mines – to uphold an interim order preventing AMCU from embarking on protected strike action at certain operations owned by AngloGold Ashanti, Harmony Gold and Sibanye.

### South Africa: Lonmin sheds 1 400 jobs

After announcing in July a programme of shaft closures and workforce reduction aimed at cutting its cost base amid a depressed platinum pricing environment, platinum miner Lonmin has announced that 1 400 employees have left the business, with a Section 189 consultation process on the remainder of the significant downsizing proceeding as scheduled. The company's stoppage of high-cost production and the planned reduction of 6 000 jobs is intended to reduce costs and capital expenditure.

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### South Africa: Marikana families sue police minister

The families of the 37 mineworkers killed in Marikana in 2012 are taking on Police Minister Nathi Nhleko in court. The families, represented by the Socio-Economic Rights Institute of South Africa, the Legal Resources Centre and Wits Law Clinic, are claiming compensation for:

- The loss of the financial support of the deceased to their families;
- Grief and emotional shock caused by the death of husbands, fathers, brothers and caregivers;
- The medical expenses of psychological and psychiatric treatment; and
- The loss of family life and parental care.

### South Africa: NUM signs three-year wage deal at Nkomati following three-day strike

The National Union of Mineworkers (NUM) has signed a three-year wage deal at the Nkomati Nickel Mine, which is owned by African Rainbow Minerals and Norilsk. The deal followed a three-day strike and will result in workers receiving increases of 8.5% in the first year, up to 9% in the second year and up to 10% in the third year.

### South Africa: Palabora operations hit by wave of protests

Limpopo-based Palabora Copper confirmed in early August that operations at its copper mine, in Phalaborwa, had been halted as Ba-Phalaborwa community members embarked on violence and intimidation sparked by what the company claims is propaganda. Palabora Mining Company subsidiary's smelter, refinery and processing plant were idled after employees were prevented from reporting for duty through intimidation, placing the entire mine at risk of closure. The company subsequently resolved issues with the communities that brought the operations to a standstill.

### South Africa: Petmin concludes wage negotiations with unions

JSE-listed Petmin's subsidiary Tendele Coal Mining has concluded a two-year wage agreement with trade unions Association of Mineworkers and Construction Union (AMCU) and National Union of Mineworkers (NUM), while signing a three-year

deal with Solidarity, at its Somkhele mine, near Richards Bay. Under the terms of the AMCU and NUM deal, the company will increase basic wages by 7.5% in 2015/16, with a further 7.5% increase due in 2016/2017.

On a total cost to company (TCTC) basis, the increases amount to 8.6% for 2015/16 and 6.5% for 2016/17. Under the terms of the three-year Solidarity agreement, employees will receive a 6% increase in TCTC for 2015/16, a 6.5% increase in TCTC for 2016/17 and a 7% increase in TCTC for 2017/18.

### South Africa: Solidarity questions role of CoM in coal negotiations

Trade union Solidarity has questioned whether the Chamber of Mines (CoM) is still a relevant role-player in the coal industry, stating that the unions and the chamber have failed to reach agreement on any of the issues raised in this year's coal mining industry wage negotiations. The CoM, however, has defended its role, stating: "Centralised collective bargaining in the coal sector is a voluntary arrangement and has been in place for many years and has served the sector well. The chamber's involvement is mandated by its members and it conducts itself according to that mandate".

### South Africa/Madagascar/Zimbabwe: Mine accidents

During August, a number of accidents took place at South African mines, including:

- Lonmin and Anglo American Platinum's joint venture Pandora mine, where a winch driver was injured in a scrapping and rigging accident and subsequently died of his injuries;
- Harmony Gold's Kusasalethu mine, where an employee was fatally injured in a rail bound accident;
- Harmony Gold's Joel mine, where a worker was killed while attempting to clear a blockage in the loading bin on the mine's 137 level; and
- AngloGold Ashanti's Mponeng mine, where an employee was fatally injured following a seismic-related incident.

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Elsewhere in Africa, a contract worker died from head injuries after being struck by a falling tree at diversified miner Sherritt International's Ambatovy joint venture project (JV), in Madagascar. Further, an employee was killed in a fall-of-ground accident at Aquarius Platinum's Zimbabwe-based mimosa JV.

### **Zambia: Canada's First Quantum Minerals to lay off 1 480 workers**

Canada's First Quantum Minerals is to lay off about 1 480 workers at a Zambian copper project, owing to a reduction in its power supply, which has curbed production. The jobs were lost at the Trident project. Energy Minister Christopher Yaluma subsequently directed State power utility Zesco to restore full power to mines owned by First Quantum.

## **General**

### **South Africa: Govt, business choose talks to resolve mine empowerment logjam**

Government and business agreed in principle in early June that the current legal approach to finding resolution to the issue of black economic-empowerment ownership of mines should be halted in favour of a consultative process to be held under the aegis of the Operation Phakisa Mining Lab.

### **South Africa: Mines pension funds gain traction on tracing, but shoddy record-keeping hampers progress**

The Mines 1970 Unclaimed Benefits Preservation Pension and Provident Funds has reported a double-digit improvement in its own tracing rate of beneficiaries of unclaimed benefits. However, poor record-keeping during the 1970s and 1980s by the mining industry has hampered efforts to accelerate tracing even further.

### **South Africa: Occupational disease court application to start in Oct**

The consolidated application by mineworkers and the dependants of mineworkers for permission to institute class action against various mining companies arising from silicosis and/or tuberculosis

contracted by working in gold mines in South Africa, is set to start in October.

The potential class action suit could involve hundreds of thousands of miners.

Meanwhile, the Treatment Action Campaign and Sonke Gender Justice have been admitted as 'friends of the court' in the landmark case. This will enable them to present evidence against gold mining companies.

### **South Africa: Tax committee not in favour of mining tax overhaul**

The Davis Tax Committee's first interim report on mining tax has come out against a full overhaul of the current tax regime imposed on mining companies. The committee contends that the current mineral royalty already covers many of the proposals for new tax instruments.

The committee has pointed out that the mineral royalty was carefully designed to achieve a "strong balance" of ensuring that the royalty is "responsive" to different economic circumstances, capturing rents when profits are high and ensuring a measure of cover for the fiscus in the form of a minimum revenue stream during weak economy cycles and low commodity prices.

### **South Africa: TPT gets go-ahead to operate manganese terminal**

Cabinet has approved the issuing to Transnet Port Terminals of a permanent operating licence to operate the manganese container terminal at the Port of Ngqura, near Port Elizabeth. This will result in relocating manganese operations from the ports of Port Elizabeth and Saldanha to the port of Ngqura. Transnet Freight Rail is already in the process of upgrading the railway network from South Africa's manganese-rich Northern Cape to the Port of Ngqura.

### **Zambia: Mining firms agree to cut power use**

The Zambian Chamber of Mines has indicated that mining companies operating in the country's Copperbelt have agreed to reduce power usage by between 10% and 15% to ease pressure on

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the national grid. Zambian power utility Zesco is limiting the power it supplies to customers, including Copperbelt Energy Corp, which supplies mining companies, after water levels at its hydroelectric plants dropped due to drought.

### **Zambia: Villagers to take on mining firm Vedanta in UK court**

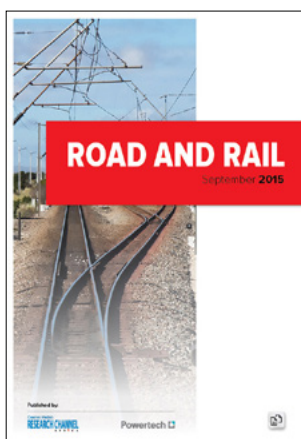
British mining company Vedanta Resources faces legal action in London's High Court after a group of Zambian villagers have said their water source and farmland has been polluted by the

firm's copper mining operations. Law firm Leigh Day has initiated proceedings on behalf of 1 800 clients from four farming communities in Zambia's Copperbelt region.

### **Zimbabwe: Platinum export tax suspended**

Zimbabwe has suspended a 15% tax on raw platinum exports after mining companies asked the government to give them two years to set up smelters and refineries. The levy was introduced in January to encourage local processing of the metal.

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