

# RBPlat cuts spending plan, narrows focus

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ROYAL Bafokeng Platinum (RBPlat) is to increase its focus on its core strength, mining Merensky ore, in order to cut planned capital expenditure by R750m, in response to low metal prices and rising costs.

The Merensky reef is one of two — the other being the UG2 reef — on the Bushveld Complex where RBPlat operates and where about 90% of the world's platinum reserves are to be found.

RBPlat said on Tuesday that, after a detailed review, it had chosen a strategy intended to bring certainty to the processing of its Merensky ore and still enable it continue the trial mining of the UG2 reef.

It also said it had awarded a 36-month mining contract to Aveng Mining Shafts & Underground, a division of Aveng Africa, for its Styldrift project, which it is developing.

RBPlat will upgrade and expand the existing concentrator at the Bafokeng Rasimone Platinum Mine (BRPM) joint venture, which will ultimately increase the concentrator's monthly capacity from 200,000 tonnes to 350,000.

It said this would help to minimise stockpiling of ore during the ramp-up of Styldrift.

This is a change in the strategy announced in June 2012, when it said it would defer capex projects including the BRPM concentrator upgrade.

RBPlat has estimated the cost of this upgrade at R2bn. The joint venture's original capex plan provided for R2.4bn for the development of a concentrator plant at Styldrift, R300m to upgrade the BRPM concentrator to treat the UG2 ore and an additional R50m for UG2 blending. The revised R2bn estimate therefore represents a reduction of R750m.

The revised capex budget for Styldrift is R1.1bn, down from R1.4bn.

RBPlat has temporarily adopted a contract-mining model at Styldrift as it will need to rapidly deploy a large number of skilled and experienced teams, given the mine's mechanised nature and an aggressive ramp-up schedule.

Management said it believed contract mining during the ramp-up would provide a higher degree of certainty on performance and costs, and improve the efficiencies of the project.

Aveng will be required to employ and train employees from local communities.

At the same time, the mine will employ and train teams, consisting largely of local employees, during the ramp-up period with a view to making the transition to an owner-operated operation, in line with RBPlat's long-term vision.