

# New RBPlat strategy will save R750 million

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Royal Bafokeng Platinum (RBPlat) says that, following a detailed strategic review of operating activities and long-term capital expenditure commitments, the company has selected an optimal processing solution for its Merensky ore, which achieves both cash preservation and value creation.

CEO Steve Phiri says: “In the face of a challenging platinum group metals (PGM) pricing environment and associated industry cost escalations, we have re-focused on our profitable core business, that of mining Merensky ore.

“At the same time we will continue the trial mining of UG2 reef, with the aim of improving our ability to extract the reef optimally, and to providing a permanent processing solution for the UG2 ore when the PGM market supports a value-enhancing business case. This strategy will minimise stockpiling of ore during the Styldrift ramp-up, thus contributing to earlier cash flows and, at the same time, it will result in a R750 million saving on capital expenditure,” he emphasises.

Having considered a full range of processing solutions available for the Styldrift I Merensky ore, the Bafokeng Rasimone Platinum Mine (BRPM) Joint Venture will upgrade and expand the existing concentrator plant at BRPM. The upgrade initially increases the existing concentrator capacity from 200 000tpm to 250 000tpm. The construction of a further 100 000tpm module adjacent to the existing BRPM plant will increase the nameplate capacity further to 350 000tpm.

“The envisaged R2 billion capex represents a reduction of approximately R750 million on the JV’s combined original capex plan for the development of a concentrator plant at Styldrift, the plant upgrade at BRPM to treat UG2, and for UG2 blending,” Phiri explains.

Merensky output at BRPM is anticipated to reduce beyond 2018 as Merensky reserves at South shaft are depleted. The expanded concentrator capacity allows the BRPM JV to treat all the Merensky ore from BRPM (120 000tpm) and Styldrift I (230 000tpm) together with limited quantities of UG2 ore. Excess UG2 ore will continue to be toll treated at the Anglo American Platinum Waterval concentrator plant. Sufficient flexibility is built into the processing solution to allow for further upgrades and/or expansion to also process the UG2 ore should market conditions allow.

RBPlat is also pleased to advise that, after a lengthy adjudication process, the company has selected Aveng Mining Shafts and Underground, a division of Aveng Africa Limited, as preferred mining contractor for the Styldrift project for 36-month contract period. Final contract negotiations and the conclusion of legal agreements are expected to be completed by the end of the first quarter of 2014, with on-going project optimisation prior to mining operations starting in July 2015.