

RBPlat defers R462m in capex to preserve cash

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Author: Natasha Odendaal

JOHANNESBURG (miningweekly.com) – As prevailing negative market conditions weigh on the platinum industry, JSE-listed Royal Bafokeng Platinum (RBPlat) on Thursday said it would defer R462-million in project capital expenditure (capex) in efforts to preserve cash flow.

The current soft platinum-group metals (PGMs) prices, cost pressures and weaker platinum demand sparked the group's decision to review its operating activities and capex and postpone expenditure in the short to medium term on certain noncritical items.

This followed on the heels of Aquarius Platinum idling two operations – Everest, in Mpumalanga, and Marikana, outside Rustenburg, as well as Eastern Platinum's suspension of funding for its Mareesburg project and the construction of the Kennedy's Vale concentrator plant.

The first phase of the RBPlat strategic review would see the company hold back on a planned R71.7-million cash injection into exploration drilling activities at Bafokeng Rasimone platinum mine's (BRPM's) North shaft and the Styldrift II project.

RBPlat pointed out that while the deferment would delay the BRPM scheduled completion date of August 2017, the move would not impact the studies currently under way for Styldrift II. The prefeasibility study was still expected to be complete by the end of 2014.

A further R90.7-million allocated for the remainder of the 2012 financial year and the 2013 financial year for the construction of a chairlift at BRPM's South shaft, on which R20.5-million has been spent to date, would be delayed. However, construction of the chairlift at North shaft would continue as planned.

About R300-million of the amount allocated to upgrade the existing BRPM concentrator from 200 000 t/m, to 230 000 t/m would also be postponed. The upgraded concentrator was expected to come on-stream by the end of 2013.

“RBPlat will continue to review capital and other expenditure, and to optimise operations while at the same time avoiding any material impact on production and the long-term sustainability of operations,” the company said in a statement.

RBPlat believed that the current market conditions were likely to continue for the remainder of 2012, and into 2013; however, the platinum producer was optimistic that the “long-term fundamental demand” for PGMs remained in place, which would support RBPlat's long-term growth aims.

Shares in RBPlat dropped 2.68% to R54.84 apiece on Thursday.