

Central Rand Gold pursues opportunities in rest of Africa

Central Rand Gold shareholders in SA were unmoved by the latest strategy update by one of the worst-performing gold shares on the JSE. Shares have fallen 47% so far this year compared to gains among its domestic peers, bringing its performance in the past 12 months to a 77% decline.

The shares are trading at less than a tenth of the R7,50 closing price in August 2012, and closed unchanged at 73c on Tuesday, as the R80m company detailed a small capital raising and plans to expand into Africa after its efforts to mine gold near central Johannesburg have largely come to naught.

In its strategic update, the firm said it had stopped open-pit mining after grades became too variable, and was instead tolltreating third-party material through its plant in Roodepoort, west of Johannesburg.



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The company, which listed in 2009 on unfulfilled promises of hundreds of thousands of ounces of gold from ore bodies left behind after nearly a century of mining in the main reef, has stopped all underground work because of flooding.

While there is a de-watering process under way, there have been difficulties with the pump that prevented Central Rand from restarting underground mining. Now Central Rand is looking further afield into Africa for opportunities.

Potential acquisitions in sub-Saharan Africa

"The board is working with two parties regarding potential acquisition opportunities within sub-Saharan Africa. While discussions are at a preliminary stage, both opportunities exhibit characteristics which the board considers appealing, namely near-term cash-flow potential, and low capital start-up costs," the company said. Under the new leadership of Lola Trollip as CEO of the South African subsidiary, Central Rand is also looking for more sources of ore around its plant in Roodepoort to process.

The company is in talks with its strategic partner, Zhejiang Golden Machinery Plant, to invest in the company, and in expanded capacity at the Roodepoort plant, in exchange for shares.

Bergen Global Opportunity Fund, a US-based fund, has provided bridging finance of about \$600,000, and it could increase the level of funding to \$4,1m, if both parties agree.

Central Rand has issued shares at 3p each to raise 200,000 for working capital. Its empowerment partner, Puno Gold Investments, has applied to wind up the South African subsidiary and the company will defend the action.

Source: [Business Day](#)

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