

## Implats moves on machine mining

For \$30m Impala Platinum (Implats) has bought itself 15% of a deposit in the right area to promote its strategy of finding shallow resources that can be mined by machines. This will diversify its risk away from expensive, labour-intensive, deep-level mines in its portfolio in SA.



Brenda Berlin, CFO: Implats

For a further \$160m, Implats has agreed to buy 50.01% control of the undeveloped Waterberg prospect owned by Canada's Platinum Group Metals (PTM) and Japan Oil, Gas and Metals National Corporation (Jogmec). This will depend on a definitive feasibility study proving the building of a mine to the north of Anglo American Platinum's fabulously profitable Mogalakwena opencast mine on the Northern Limb of the Bushveld Igneous Complex to be economically viable.

When PTM failed to make a success of its shallow Maseve mine and sold it to Royal Bafokeng Platinum recently, analysts said it was highly unlikely that the Canadian company would readily find backers to invest in yet another mine development managed by it.

Asked why the world's second-largest platinum miner had chosen the Waterberg prospect and had decided to partner with PTM, Implats chief financial officer Brenda Berlin said the prospect ticked all the boxes for Implats.

It was "one of the best" available opportunities and Implats had found a willing seller in PTM, she said.

Implats will spend \$65m on the definitive study, which will help it decide whether to raise its total ownership of the project from 15% to 50.01% if it decides after the finalisation of the feasibility study that the economics of a mine stack up favourably.

Implats will spend \$65m and 36m in buying stakes in the Waterberg prospect from PTM and Joggmec, respectively.

Analysts said the big question was how cash-constrained Implats would fund the development of a mine, let alone pay 160m to gain a majority stake in the resource.

The definitive study, under a carefully worded agreement to avoid clashes between the parties, will be closely controlled by Implats. PTM's prefeasibility work and big-bang approach will be refined to bring down development costs and phase the new mine so that Implats's smelters in Springs could process the fresh concentrate as old mines tapered off.

The concentrate was attractive for Implats because its metal content would have 60% palladium, which is outperforming platinum in price for the third time in history.

It had a low base metals content - unlike Mogalakwena, said Berlin.

The definitive study will be completed in 2019 and then, much like the portals it is building at its Zimbabwean mining complex, it could take about two years to bring a shallow, highly mechanised mine into production at Waterberg, she said, declining to speculate on costs or output levels.

**Source:** *Business Day*

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