

## SOUTH AFRICA



**WHITE WATER, DRDGold IN R18,5M ERPm RIGHTS TRANSACTION** – JSE-listed gold-miner DRDGold reports that it has agreed to sell current and pending prospecting rights contiguous to its 74%-held East Rand Proprietary Mines (ERPm) to exploration and development company White Water Resources for R18,5-million in shares. The rights relate to ERPm extensions 1 and 2. Underground mining at ERPm was suspended in October 2008, owing to rising underground water in the Central basin. Only surface retreatment operations are currently continuing at ERPm. "The deep-level exploration assets we propose disposing of are much better placed in the portfolio of White Water Resources, whose business is gold exploration," DRDGold CEO **Niël Pretorius** says, noting that the company's stated strategy is to move increasingly towards gold recovery from the retreatment of surface tailings. White Water Resources will create a special-purpose vehicle and subsidiary, known as Cubigraph, which will hold the assets, once acquired. It will issue 74-million White Water Resources shares and 26 Cubigraph shares to DRDGold for these prospecting and mining rights. However, should the Department of Mineral Resources not approve the transfer of one of the prospecting rights or the mining rights over ERPm Extension 1, the purchase price will be reduced to R9,3-million to be settled through the issuing of 37-million White Water shares and 26 Cubigraph shares.



**HISTORIC JOINT MINING DECLARATION 'VERY IMPORTANT STEP IN RIGHT DIRECTION'** – LEON – The joint mining declaration over which Mineral Resources Minister **Susan Shabangu** (pictured) presided is "a very important step in the right direction", regulatory lawyer **Peter Leon** says. Leon, who has an intimate knowledge of what it takes for a country to be competitive in mining and who coheads law firm Webber Wentzel's mining practice group, says that the important aspect of the historic 13-point decla-

ration is that it is a government, labour and business joint venture. "The big change is that, in the past, the Department of Mineral Resources simply told mining companies what to do through regulations. This is the first time, since the Mining Charter was agreed back in those difficult days of 2002, that the key players in the industry, including labour, have got together and agreed a way forward," Leon says. His comments come minutes after personally witnessing the Minister, National Union of Mineworkers president **Senzeni Zokwana**, Chamber of Mines president **Sipho Nkosi**, Solidarity president **Steve Scott**, United Association of South Africa COO **Leon Grobler** and South African Mining Development Association chairperson **Nchakha Moloji** agree to grow and transform the industry that mines a natural endowment valued at R18-trillion by Citibank. "We do differ, but ultimately there is progress, and a way forward," Shabangu says. Zokwana advocates that what could become a "resources curse", be turned into a resources blessing. He backs the Minister's contention that the hostel system should be brought to a speedy end, and says: "We're committed to walk the talk. The world is watching." Nkosi says that the endorsement of the declaration is yet another example of the capacity of South Africans to overcome differences and to arrive at positive conclusions.

**VELE-LINKED COAL-FIRED POWER STATION PROJECT PLACED ON HOLD** – The developer of the proposed Mulilo coal-fired power station, which is associated with the development of the controversial Vele coal mine on a property near the Mapungubwe world heritage site, in Limpopo province, has placed the project "on hold until further notice". The decision, which was reportedly made some months ago, was formally communicated to interested and affected parties by Arcus Gibb, which has been contracted to conduct an environmental-impact assessment (EIA) for the establishment of the power station, as well as associated infrastructure, such as transmission lines and substations near Musina. Initially envisaged was the development of a 300-MW to 900-MW coal-fired power station project to be developed by a consortium of South African and Chinese energy investors. The project has also been submitted to State-owned power utility Eskom under its Medium-Term Power Purchase Programme, a scheme designed to secure up to 3 000 MW of near-term electricity supply relief from independent power producers and cogenerators. However, that programme was also delayed, owing to regulatory and funding challenges. Arcus Gibb stresses that the project is always dependent on Coal of Africa's proposed Vele coal mine, which has attracted "strong opposition" from conservation bodies. "This has also impacted on the EIA process for the proposed Mulilo power station project and associated transmission power lines," the consultancy says, noting that it halted its work following the publication of a draft scoping report, which has incorporated stakeholder comments.