

The latest tailings deal

Mining gold recovery specialist DRDGold estimates that it will need R2-billion to develop the West Rand Tailings Retreatment Project (WRTRP), based in Johannesburg, Gauteng.

The company acquired diversified miner Sibanye-Stillwater's WRTRP assets for about 38% of DRDGold's ordinary share capital, valued at about R1.3-billion.

Additionally, DRDGold and Sibanye-Stillwater entered into an option agreement whereby Sibanye-Stillwater will be granted an option to increase its shareholding in DRDGold to 50.1% during the 24 months following the implementation of the acquisition.

DRDGold CEO **Niël Pretorius** says the acquisition and option are moves towards creating an "industry-leading surface mining partnership".

He adds that for DRDGold, the rationale for the acquisition and option includes an increase of about 92% in gold reserves from 2.99-million ounces to 5.75-million ounces (6.81-million

ounces if currently active tailings storage facilities are included); the acquisition of surface assets capable of providing cash flow in the short term, with low initial capital expenditure, to support future growth and development of the project; and the potential to increase production, revenue and DRDGold's reserve base, which extends the life-of-mine.

The acquisition and option also includes the Regional Tailings Storage Facility, in Johannesburg, Gauteng, large enough to receive most of the tailings of the West Rand providing a competitive advantage in the region; a reduction in overhead unit costs through increased production; addressing DRDGold's single asset operating risk; securing significant long-term growth in a new operating region; providing strategic positioning for further growth; and opportunity to leverage proven experience to develop the WRTRP in the most effective manner. ■■

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