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## COMPANIES

Eland says mine progress made

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Notwithstanding a R20.9-million loss for 2006, translating to a 35.5 cents loss per share, Eland Platinum says rapid progress was made in the second half towards development of the group's Elandsfontein Platinum Mine.

It said on Monday the first blast to mark the start of open-pit production had taken place on 18 January 2007, just 17 months after the group was established and comfortably within schedule.

### **Contract signed in October**

"During October 2006, a contract worth more than R600-million was signed with DRA Mineral Projects Limited for the supply of the mine's 250 000 tons per month concentrator and associated infrastructure. Early in November 2006 the open-pit mining contract was awarded to MCC Contracts Limited, the underground development and mining contract to Shaft Sinkers Mining Limited and the concentrator operation contract to Minopex Limited.

"It is particularly pleasing that all of these companies, like the Eland Platinum group, have impeccable black economic empowerment credentials," the group said.

The Elandsfontein bankable feasibility study, which Eland Platinum Mines Limited, a 65 percent subsidiary of Eland Platinum, conducted with input from leading PGM (platinum, palladium, rhodium and gold) industry consultants, was also completed in November 2006 and showed the mine to have robust economics and solid cash flows.

On 21 December 2006 EPM was awarded a mining right covering both the original Elandsfontein prospecting area, acquired from Rustenburg Platinum Mines Limited, and the contiguous 'triangle' land-owned by the state.

### **A testimony to new legislation**

"The granting of these rights, just nine months from the date of application, bears testimony both to the efficacy of South Africa's new minerals legislation and the commitment of the Department of Minerals and Energy to the growth and development of the country's resources sector," the mining group said.

In addition, it was announced in January 2007 that the DME had consented to the transfer to Eland Platinum of prospecting rights over the Zilkaatsnek properties, which add approximately 1.5km of UG2 outcrop to the mine's resource base. Eland said work had

begun to determine the nature and extent of the UG2 deposit on the Zilkaatsnek properties.

### **Looking ahead**

Looking ahead, the group said that with open-pit mining now under way it was expected that some 600 000 tons of ore would have been stockpiled in time for the commissioning of the concentrator in October 2007.

"Open-pit mining will take place over the next five years at an estimated steady state production rate of 160 000oz of 4E PGMs and a run-of-mine grade of approximately 3.00g/t 4E. The total open-pit operating cost is estimated at R219 per ton (fourth quarter 2006 terms).

"Underground development will begin in December 2007 and by 2012 all ore production, with an estimated ROM grade of 3.54 g/t 4E, will be from underground. Also by 2012, metal production will have ramped up to a steady state rate of approximately 270 000oz of 4E PGMs a year. The underground operating cost is estimated at R279 per ton (fourth quarter 2006 terms)."

The total estimated capital required for the development of the mine to August 2008, including contingency and escalation, was R1.460-billion, the group said.

It added: "The inclusion of the 'triangle' area in Elandsfontein's mining right, the mining potential of the Zilkaatsnek properties, Elandsfontein's as-yet undetermined Merensky resource base and other acquisitions currently under consideration, are all enhancing confidence that a growth target of one million PGM oz a year (4E) by 2015 is attainable.

*I-Net Bridge*