South African miner DRDGold Ltd has found a JV partner for its troubled Blyvoor gold mine in the shape of Nelson Mandela's grandson Zondwa Mandela.

As managing director of Aurora Empowerment Systems, Mandela and his board have agreed to take 60% of Blyvoor for R296 million.

DRDGold said Aurora would also provide Blyvoor with a capital facility of up to R80 million, of which the mine will be able to draw down R10 million by the end of December and up to R14 million each month-end thereafter until the end of May.

"(The facility) will provide immediate relief to Blyvoor in terms of its short-term working capital requirements," said DRDGold chief executive Niel Pretorius.

DRDGold placed Blyvoor – one of South Africa's oldest gold mines – under judicial management in November with the operation losing R27 million a month.

The company then said it expected the mine to remain under judicial management until the high-grade production areas that were closed due to seismic activity were reopened.

Pretorius said Blyvoor had increased gold production by 116% between October and November and the R/kg gold production cost had dropped by 47%.

"This substantially improves prospects for bringing Blyvoor out of its current judicial management, sooner rather than later," he said.

Blyvoor will be the fourth South African mine to come under Aurora's influence and will join the Orkney, Grootvlei and Primrose mines.

Mandela told South Africa's Mining Weekly Online that the Blyvoor deal was a sign of things to come for a company which plans to list on the JSE in 2010.

"The deal symbolises our ability to work cooperatively with far larger gold companies. We're not at Blyvoor to reinvent the wheel, but to give it a capital injection so that safety can be enhanced, problems can be solved and potential opened up," Mandela said.

"Our focus is to join hands with larger companies and to build relationships for the long term," he added.

-- Martin Creamer, Mining Weekly Online and Gold Mining Journal staff

Eskom eases power rise to 35%

South Africa's gold industry may be able to breathe a little easier over rising cash costs after state power firm Eskom announced it had cut its request for tariff rises in December.

Eskom had called for a tariff rise of 45% over the next three years, a decision which had caused widespread criticism in a gold industry already struggling with a strong rand-US dollar exchange rate but the energy regulator said on December 1 that it had reduced the rise to 35%.

Eskom's earlier application had been criticised by the ruling African National Congress, industry and trade unions in Africa's biggest economy. Economists and the central bank had warned of the potential inflationary impact.

Thembani Bukula, a senior official of the National Energy Regulator of South Africa (NERSA), told Reuters that Eskom had cut its request to 35%.

Bukula said Eskom had submitted its revised application for a tariff increase by the agreed deadline on November 30.

"We are going to analyse the changes they have made and highlight them and give the public an opportunity to comment," he said, adding that only a week or two would be allowed for comment instead of the month given after the initial request.

"The other dates we had set up for public hearings in January don't change and the decision will still be made on February 24," he added.

At a media briefing on December 2, Eskom chairman Mpho Makwana said the utility had followed "a process of rigorous engagement with various stakeholders to come up with a sustainable electricity tariff path to ensure the country's security of supply, without adversely impacting the country's socio-economic process".

Eskom was recovering from a leadership struggle in November, which cost the jobs of its chairman and chief executive.

Eskom has said it needs the increases to pay for its R385 billion supply expansion programme to meet rising demand. Power outages early in 2008 crippled both platinum and gold mines.

Apart from the tariff rise, the utility has said it would rely on borrowing from capital markets and government loans to fund its expansion programme.

-- Muchena Zigomo in Johannesburg for Reuters
Noble intentions for Bibiani

Noble Mineral Resources Ltd has signed an agreement with Investec Bank to take control of the Bibiani gold mine, a former AngloGold Ashanti Ltd asset situated in Ghana.

Noble secured the property — and an additional 100 km of exploration ground around it — by agreeing with Investec to assume the existing debt obligations of Central African Gold Ghana Ltd (CAGG), a subsidiary of AIM-listed Central African Gold plc.

Investec had taken control of CAGG in January 2009 after Ghana defaulted on its project finance repayments for Bibiani.

Central African Gold had originally acquired the project from AngloGold Ashanti in August 2006 after the major opted to divest the project in favour of its longer-life assets in Ghana.

Following the acquisition, Noble announced that work by SRK Consulting earlier in 2009 had confirmed a reserve of 2.86mt @ 3.55 g/t for 330,000 oz gold with an additional resource of 18.95mt @ 2.67 g/t for 1.624 m oz gold.

Randgold Resources Ltd has issued new gold estimates at its Kibali deposit in Democratic Republic of Congo.

Randgold and South African miner AngloGold Ashanti Ltd, the world’s third-biggest mining group, said they had agreed to buy an additional 20% of Kibali, previously known as Moto, after previously acquiring 70% in the takeover of Moto Goldmines Ltd.

Randgold said the indicated mineral resource at Kibali has increased to 13.93 mt, up 23% from the previous level of 11.29 mt but the inferred resource has fallen by 45% to 5.83 mt.

Some of the inferred resource was lost but it was upgraded and transferred to the indicated category, said Randgold.

Randgold also said it was being conservative in its estimates of how much gold may be actually extracted.

The decline in inferred resources resulted partially from conversion to indicated mineral resources as well as Randgold’s requirement that all resource estimates reflect only those mineral resources for which there is a reasonable prospect for eventual economic extraction.

Randgold said Kibali was one of the largest undeveloped gold deposits in Africa.

A feasibility study in March envisaged an open pit and underground mining operation, which is planned to produce about 2.4 Moz of gold in its first five years of operation.

— Eric Onstad, Reuters

Kibali gold upgrade in the DRC

African Eagle puts gold up for sale

Despite gold prices reaching record highs, African Eagle Resources plc said it planned to divest gold and copper assets to focus on its Dutwa nickel project in Tanzania.

In Tanzania alone, the company has the Miyabi gold (520,000 oz resource) and the Igurubi gold (250,000 oz exploration potential) projects which are in advanced stages of development.

However, recent metallurgical test work results from Dutwa, 100 km east of Mwanza, revealed up to 70% nickel extraction after just 16 days acid leaching, low acid consumption of 200-230 kg/t and promising initial tank leach results.

Work is continuing on the side lines of the Mines and Money Conference in London, African Eagle managing director Mark Parker said the company was looking at all options including farm-in agreements, JV’s and outright sales of its copper and gold assets to fund Dutwa’s development.

“I think something will come of it. Interest has come from all over the world,” he said. “We will try to do deals that will allow us to participate in future success but in the interim we need raise cash to take Dutwa into production.”

Parker said the company needed about $US 400 million of capital to develop Dutwa and that it was already talking to potential investors or partners, and evaluating possible off-take deals.

“We are also looking for ways to minimise transport costs for Dutwa either by negotiating the best transport deal or more likely by finding a processing method that minimises the quantities of reagents that we have to transport,” he added.

It expected to complete a pre-feasibility study on Dutwa by the end of 2010 and hoped to finish a full feasibility study by the end of 2011.

— Julie Crust, Reuters and Gold Mining Journal staff