

NEWS&INSIGHT

MINERALS BENEFICIATION

Rare Venture

\$1,2bn rare-earth metals beneficiation complex planned for South Africa

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Investor consortium Rare Metals Industries (RMI) has announced plans to build a facility to beneficiate titanium and other rare-earth metals in South Africa at a cost of between \$1,2-billion and \$1,5-billion.

The shareholders and partners in the project – the National Empowerment Fund, the Industrial Development Corporation, Magnesium & Metals and TJTI – have already committed to equally fund the R40-million for the prefeasibility study for the project, which is currently under way.

The agreement between the partners is structured in an unincorporated joint venture, which will later be converted into a shareholding company. RMI is a venture with South African, Russian and US investors.

RMI chairperson **Donovan Chimhandamba** tells *Mining Weekly* that the prefeasibility study should be completed in the next six to eight months. "We will then make a decision based on a scenario of different options. The route that we choose will eventually lead to our bankable feasibility study."

The finalisation of the bankable feasibility is likely to take another year, while financing of the plant is expected to take anything between 6 and 12 months.

Chimhandamba notes that it is unlikely that such a large sum will be raised within South Africa, adding that different capital-raising strategies are being considered. "Depending on the gap left by private-equity and project financing, we would consider listing some shares," he says.

The proposed plant, if it materialises, will be the world's first integrated metals plant producing titanium, zirconium, magnesium and silicon.

It is envisaged that, at full operational capacity, the plant will produce 50 000 t/y of magnesium, 15 000 t/y of titanium, 8 000 t/y of silicon and 2 000 t/y of zirconium, as well as derivative products.

Chimhandamba says that South Africa hosts the second-largest reserves of titanium and zirconium in the world, but has never really reaped the full benefit of this endowment. "By beneficiating only 3% of the

products that South Africa exports, the country would generate an additional \$500-million in export value from titanium alone."

It is expected that the project will create at least 2 800 skilled jobs during the construction phase and more than 5 000 permanent jobs once the plant is fully operational.

The consortium expects first production in the second quarter of 2015.

The consortium indicates that it hopes not to be

STORY HIGHLIGHTS

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entirely dependent on State-owned power utility Eskom for electricity supply. The project will need about 150 MW of power, depending on the configuration chosen during the prefeasibility study.

"As part of the prefeasibility study, we are considering a cogeneration plant or copartnering with another project, which will make this project energy positive," concludes Chimhandamba.

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