

Vedanta invests \$200m more in Namibian mining operations

Vedanta, a major zinc producer, is making a fresh \$200m investment in its Namibian operations, as it plots a strategy to make the plant a regional hub for refining the metal, says Vedanta Zinc International CE Deshnee Naidoo.



Photo: Informante

The refinery is a pivotal plant in the diversified Indian mining company's base metals strategy in Southern Africa, where it sees itself as a dominant zinc and lead producer from its Gamsberg and Black Mountain mines in the Northern Cape and possibly the Skorpion mine in Namibia, depending on whether another extension to the asset's life can be made.

The Gamsberg mine, at which Vedanta is investing 400m, will be a 250,000 tonnes a year of zinc-in-concentrate producer, selling the metal to offshore buyers as the company considers whether to include a refinery in a second phase of the Gamsberg project to increase output to 400,000 tonnes of metal in concentrate.

At the 400,000 tonnes a year production level, the logic of shipping 1-million tonnes of concentrate at a 50% metal grade out of SA made little sense and Vedanta was seriously contemplating building a refinery to process it, Naidoo said.

However, if no fresh ore could be mined at Skorpion after the \$200m investment, which would give the mine another three-and-a-half years of life and would more than double output to 200,000 tonnes of zinc a year, then the refinery there, which processes oxidised material, would be converted to handle concentrate coming from sulphide deposits like Gamsberg and

others, generating 150,000 tonnes of finished zinc a year, she said.

The third phase could take output to 600,000 tonnes, but this was far in the future.

The Black Mountain mine, which generates 70,000 tonnes of lead, copper, zinc and silver a year, would ultimately become a pure lead mine with output of 160,000 tonnes a year. The cost of the second phase of Gamsberg, including the refinery and an extension of the concentrator plant, would be about \$500m, which would bring the total bill for the phased development of the mine to nearly \$1bn. It was an investment Vedanta group chairman Anil Agarwal was not reluctant to make, Naidoo said.

"The chairman of the business is all about growth. We love that.... It's my job to balance what we know what we want to do with phase two and making sure all the learnings in phase one and optimisations we've put in place are carried into the second phase," she said.

By the middle of 2018, when the Gamsberg concentrator begins ramping up with half a million tonnes of stockpiled freshly mined ore ready to be processed, Vedanta Zinc wants to be able to make a decision on the second phase, whether to proceed immediately with mobilising a phase two team or to delay the project a while.

A key factor would be the availability of power, some 300MW, and this was the best time to begin talking to Eskom, because of new generation coming on line and an oversupply of electricity in a moribund economy, she said.

Source: *Business Day*

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