

# Dawning of a new beginning at ConsMurch Antimony/Gold mine in South Africa.

ConsMurch is a South African mine which has a resource base of more than 1 million ounce of gold and 280,000t of Antimony which has a combined value of more than US\$2 billion. Indeed, Stibium Mining (a company backed by the Breakaway Private Equity Emerging Resource Fund) was attracted to the asset given that this antimony resource represents the largest western world antimony resource outside of China.

## **ConsMurch –a new acquisition with gold production commencing this week**



*The Beta shaft headframe at dawn.*

Antimony is a minor metal and used in a variety of applications ranging from use as a flame retardant to technology application such as phase change memory. Interestingly it is the doping of silicon with antimony which creates special properties which are integral in the development of integrated circuits (chips). Supply has been dominated by China for a number of years and given this dominance on a background of rising costs and diminishing reserve has led both the European Union and the British Geological Survey to list antimony on their critical metals list. The USGS also noted that Chinese reserves appear under pressure and it is not likely that China will be able to maintain its historical production rates.

The infrastructure at ConsMurch is quite extensive. Mining operations utilise three separate shaft systems (Athens, Beta and Monarch shafts), and two declines (Monarch and Gravelotte declines). Other infrastructure includes the Weigel Processing Plant with both gold and antimony circuits, numerous offices and workshops and accommodation for both married employees (140 houses) and single employees (300 single person quarters). There is even a school on-site for the education of the employees' children.

While the mine has extensive infrastructure, the mine production rates are more in line with a modest sized Western Australian gold mine rather than a production rate that would be typical for level of existing infrastructure on-site. This level of infrastructure itself reflects the fact that the operation has been in existence since 1934 and last year had a workforce comprising 850 employees.

Over the last few years the mine has been owned by JSE Listed Village Main Reef Limited, a mid-sized South African gold producer. Stibium conducted extensive due diligence on ConsMurch over the last two years and watched the under investment of capital into the mine by Village Main Reef lead to declining production leading and financial losses and then to ultimately to a situation where the mine was placed in care and maintenance and under Provisional Liquidation.

Stibium Mining is now acquiring the mine from the Provisional Liquidator in a new vehicle called Stibium Mining South Africa Pty Limited with the support of a significant Hong Kong financier. The ability to purchase the mine from the Provisional Liquidator has many advantages, not the least that the mine is not burdened with a high fixed cost base including what was commonly viewed as a workforce that was too large to be supported by the existing production rate.

Financing at the bottom of the resource cycle is always difficult, particularly when cheap assets are available but the equity markets are too nervous to finance 'straw hats in winter'.

Long term investors know that this is the time to buy assets.

In the case of ConsMurch funding, Stibium management relied on the combination of several large shareholders, the Breakaway Private Equity Emerging Resource Fund and a Hong Kong investment company to get the financing over the line.



*Part of the new Stibium team*

After concluding agreements with the Provisional Liquidator and the unions, Stibium is now implementing its business plan. This business plan involves the treatment of tailings and open pit gold resources to commence initial gold production and which will be followed by the re-commissioning of the two declines and perhaps the Monarch shaft.

Stibium is taking a measured approach where initial employee levels will be around 200 and will increase in a manner that ensures that productivity levels do not deteriorate with any additional employees.

It is an exciting time for Stibium with gold production schedule to commencing this week. Gold production is scheduled to ramp up to a production rate of approximately 25,000 oz pa by the end of 2015. In early 2016 Stibium will re-start the antimony circuit and start producing antimony in concentrate for sale to Asian smelters. Stibium is forecast to be cash positive by the end of 2015 based on current commodity prices and exchange rates and this is after expenditure on plant refurbishment and initial mining capital.

In addition, the mining right covers an extensive area where there are numerous prospects which remain untested apart from the odd drillhole returning an economic intersection from the 1990s or earlier and that in most cases, was never followed up. While not in the current resources or mine plan, Stibium expects that some of these prospects will represent future open pit mining opportunities and Stibium is commencing a two-rig drilling programme to test the most promising targets.

In Stibium's view, ConsMurch mine is now moving to first production and will remain in production for least the next thirty years.....

*For further information call Stibium or Breakaway on +61 2 9392 8011.*



*Looking at the Monarch shaft in the distance with the re-mining of Tailings Dump 2 in the foreground.*