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Fertiliser plant in the offing near Saldanha

SA could have another fertiliser producer if a company called Kropz can raise R10bn to build a plant at Saldanha Bay to process the phosphate coming from its new Elandsfontein mine.

Kropz, a private company, has Patrice Motsepe's Ubuntu-Botho Community Development Trust as its empowerment partner. The trust is partly owned by the Motsepe Family Trust and a "broad base of stakeholders" representing 100,000 people.

Kropz and Motsepe's African Rainbow Capital own Elandsfontein Exploration and Mining in a 70:30 split. So far, R1.35bn has been sunk into a sedimentary phosphate deposit to the east of Saldanha.

There are legal environmental challenges, with one group challenging the Department of Mineral Resources in court over its awarding of an environmental permit to the mine.

The mine is awaiting the granting of a water use licence for which it applied in February.

Michelle Lawrence, the technical director in charge of Elandsfontein, said last week she was certain the mine would begin production in the first quarter of 2017 despite the court challenge and some local opposition to the mine, which lies between two South African National Parks land holdings and is just 15km from the tourist hotspot of Langebaan.

"Our legal counsel is of the opinion that we will not be delayed," Lawrence said.

The mine will produce up to 1.5-million tonnes of rock concentrate a year that will be trucked and shipped from Saldanha to export markets as well as to Durban and Richards Bay for domestic buyers.

The phosphate rock will be upgraded to 32% diphosphorus pentoxide, a nutrient that is needed to make fertiliser.

The intention of Kropz was to build a fertiliser plant at Saldanha at a cost of R10bn using various sources of funding that would be used just for the plant, with the mine maintaining its output of 1.5-million tonnes a year, Lawrence said.

Kropz counts as its directors Mike Nunn, who was the CEO of Tanzanite One, and Mark Summers. Lawrence declined to give more details about the ownership of Kropz apart from saying it was a subsidiary of a Luxembourg company. Elandsfontein should produce its material at below \$50/tonne delivered on ships at Saldanha. The international selling price is \$75-\$90, largely set by Moroccan producers.

Source: Business Day