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Nunn's Kropz wary of "push back" as political noise grows

MIKE Nunn, the mining entrepreneur that brought us Tanzanite One which briefly stole the spotlight from diamonds, is back on our screens again as the driving force behind Kropz – a privately-owned company that also has Patrice Motsepe as a backer.

The basic premise of Kropz is to improve South Africa's food security by mining and beneficiating phosphate, a mineral used to fertilize soils. Apart from ticking the box of beneficiation, its development will also lower the country's need to import phosphate from Europe.

Motsepe's involvement is through African Rainbow Capital which is owned by Ubuntu Botho – a philanthropic organisation that has the Motsepe Family Trust, church and womens' groups, and trade unions as stakeholders.

The last time we encountered Nunn he was bravely taking on Zimbabwe's government in a \$500m legal suit heard in the International Court of Arbitration in Paris during 2014 which challenged the award of platinum-bearing mineral rights to a government-backed Russian consortium.

Nunn claimed his company, Amari Platinum Holdings, had spent money prospecting the land but had been denied a mining right by then mines minister, Obert Mpofu. Nunn won the case but it's unclear if the monies were ever paid.

Around the same time, Amari Platinum was involved in the seizure of \$50m worth of diamonds in Antwerp, Belgium on behalf of expat Zimbabwean farmers who claim to have been forced off their land and were taking the diamonds in compensation. This bid didn't succeed.

Kropz on the other hand is seeking to usher in a somewhat more peaceful return to Southern Africa business for Nunn; its logo even sports a green heart where the 'o' should go. Yet there's controversy afoot.

Former finance minister, Trevor Manuel, in October demanded the Department of Mineral Resources (DMR) "clean up its act" after it granted a permit to Kropz whose mine is situated next to the Langebaan Lagoon which is part of the West Coast National Park.

Manuel railed against "inconsistent application of regulations" by the DMR and described the entire ecosystem around Langebaan Lagoon as environmentally sensitive: "How was it granted a permit to operate when there's no water licence agreement for that mine in that place?", he asked.

The mine is Elandsfontein which in its first phase will produce 1.5 million tonnes of rock concentrate following a capital cost of R1.35bn. The mine is fully funded, has a ready market, and will start production in March 2017, says Michelle Lawrence, its chief operating officer.

"We think we can change perceptions around the mining if we make the right decisions upfront," she says. "It will be a success story in terms of rehabilitation." Currently, Kropz is dewatering the mining area in order to completely rule out possible poisoning a major aquifer than runs into the lagoon.

There is 'push-back', however, says Lawrence. West coast environmental groups are concerned about the impact of the mine and whilst Kropz believes it has ticked all the boxes in due diligence and execution – there may be more political noise to come.

The West Coast Environmental Protection Association (WCEPA) is crying foul. Carika van Zyl, WCEPA chairwoman, said due process was not followed in the case of Elandsfontein's permitting process.

The view of Kropz is that its mining permits were granted under the DMR's one-stop-shop system which exempts it from conditions of the National Environment Management Act (NEMA). In terms of NEMA, a properly filed appeal over a mining project is enough to trigger a mandatory suspension until the details of the objection have been properly picked through.

