

Mining indaba set to boost local coffers

THE WESTERN Cape's economy is set to get a boost from hosting the Investing in African Mining Indaba which is set to generate over R400 million in revenue and create thousands of jobs.

City of Cape Town statistics showed the event has generated over 3 000 direct and indirect jobs over the past few years.

The indaba is from today until Thursday at the CTICC which will host over 7 000 local and international delegates.

Minister of Mineral Resources Mosebenzi Zwane is expected to deliver a keynote speech.

Speaking ahead of the indaba, Andrew van Zyl, of mining consulting firm SRK Consulting, said the last years

of the commodity boom were littered with mining projects doomed to failure by their champions' headlong rush to fast-track them into production.

He said a great deal of money could have been better spent by not rushing projects into existence late in the commodity cycle.

"We can look back and see mistakes made which contributed to many projects failing to come on stream, on time or on budget."

Van Zyl said there were several examples of miners over-paying for their projects and under-delivering to their shareholders, often because of taking short-cuts in key processes of due

diligence, technical studies and strategic planning.

"When companies are in a hurry, they can make mistakes. If drilling and sampling is rushed, for example, it could result in lower confidence in the resource and you don't get optimal value from your investment."

He said bypassing a pre-feasibility study, and going straight to feasibility stage so that constructions can be hastened, can preclude a full understanding of all possible options for a project.

Van Zyl said ideally, companies need projects they can "switch on" when there are signs of an improvement in commodity prices. – Joseph Booysen