

Safika on hunt for virgin deposits of ore in Africa

ALLAN SECCOMBE

SAFIKA Resources is looking for opportunities in commodities used to make steel, a search that is likely to take it into Africa, the management of Safika Holdings said yesterday.

Safika Resources, a wholly owned division within investment group Safika Holdings, may sell its 12% stake in Sephaku, a cement and fluorspar company, regarding it as noncore to its strategy, said holding company CEO Moss Ngoasheng.

The focus is to secure "virgin" or undeveloped manganese, iron-ore and coal deposits in SA and in the rest of Africa, he said ahead of a sod-turning ceremony at the new Tshipi Borwa manganese mine in the Northern Cape.

Safika Holdings regards its separate cement-blending business, said by Mr Ngoasheng to be the largest in Gauteng, as core to the group.

Safika will this week conclude a deal with a building supplies retailer to supply an in-house blended cement for the company. Mr Ngoasheng said the project could increase annual revenue to R1bn from about R800m.

Safika Resources is a major partner in Ntsimbintle Mining, the owner of 50,1% of Tshipi é Ntle Manganese Mining, the company developing the mine.

This manganese project was the anchor project in Safika Resources'

portfolio, said Saki Macozoma, chairman of Safika Holdings, and the group expected consolidation of the manganese miners and wanted to play a role in that process. Mr Macozoma is chairman of Tshipi.

Tshipi Borwa has 163-million tons of reserves, giving it a life of more than 60 years. It will initially mine 2,4-million tons of manganese a year.

Safika Resources was looking for more manganese in Africa but the search was at an early stage, Mr Macozoma said. "Growth for Safika Resources is likely to be outside SA because there's not much left here that doesn't already belong to someone else."

Safika Resources had shied away from the traditional empowerment model of buying stakes in existing miners, concerned that instead of creating value they would be locked into repaying debt for many years, said Mr Ngoasheng.

"We are looking for virgin opportunities to make sure any value uplift accrues 100% to us," he said.

There were no immediate plans to list Safika Resources, he said, with the company wanting to build a record of successfully running a mine, generating revenue and adding another project or two to its portfolio.

"It is better for us to develop our story in a private space," Mr Ngoasheng said.