Back to the future with production plans

With our extraordinary general meeting completed – at which all resolutions put to shareholders were passed – it's time to look back on an eventful first half of the year.

We've outlined a plan that focuses on Rietfontein as the first mine in an initial two-mine development approach, with the high-grade ore to be trucked to our TGME processing plant a short distance away.

We're targeting first production within 18 months of funding. The plant itself will be upgraded.

We're also investigating the development of bringing the Beta mine into production, which is planned to the be the second mine into production.

An updated scoping study shows Beta could be funded internally by cash flows from Rietfontein.

In this staged manner, we are targeting a production rate towards 100,000 ounces a year at a relatively low capital cost – a peak funding requirement of US$29 million (A$38.1 million) excluding working capital.

Because we have existing adit (horizontal shaft) entry to all mines, there is no requirement to develop costly vertical shafts.

The easy access and the near-surface location of the deposit are key factors in the low capital-cost estimates.

The updated study for the combined Rietfontein and Beta developments gives an underground mining inventory of 3.3 million tonnes at an average grade of 7.7 grams per tonne (g/t) of gold. That means 800,000 ounces contained and a nine-year mine-life at a full production rate of 440,000 tonnes a year, yielding 90,000 ounces of gold a year.

The cash cost from the scoping study is US$495 an ounce and the all-in sustaining cost **(**the total cost incurred in producing gold over the lifecycle of a mine) is US$624 an ounce.

That will put our costs in the lowest quartile globally.

Longer-term, the plan is for a brand-new plant, handling a solid 100,000 ounces-a-year operation.

We've got considerable upside in the possibility of the project becoming a multi-mine development.

Progressively, we will begin resource delineation and scoping studies at Vaalhoak/Frankfort, Dukes, Browns Hill, Ponieskrantz, Theta, Clewer, Glynns and many more mines within our leases, and the tailings at TGME.

And further out, we'll start exploring at Rietfontein Extended, Vaalhoek, Glynns, Elansdriq, Sabie, the Sabie tailings/rock dumps and other prospects.

The ultimate aim is to boost our resource base from the current 3.7 million ounces.

In June, we presented this plan at the Junior Indaba mining conference in Johannesburg, where it was positively received – particularly the high grades of our extensive underground deposits.

Finally, the Arbitral Tribunal directed that Shandong must pay Stonewall US$12.6 million ($16.6 million), plus interest on that amount at 8%, compounded quarterly from 1 January 2015, plus our legal costs of $1,498,678, plus interest on that amount at 8%, compounded quarterly, commencing 1 September 2016 until paid, plus further costs.

Net of the litigation financiers’ share, Stonewall’s expecting just over A$10 million. Prudently we are not counting 1c of that money yet.