
Wits basin provides production update on Chinese iron ore JV project

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Wits Basin Precious Minerals Inc announced that the first attributable production from the China Global Mining Resources JV with London Mining Plc post acquisition contributes positive operating cash flow to the JV group in the Q2.

Actual operating costs were less than USD 40 per tonne which was lower than originally estimated. Operational costs are expected to increase during the remainder of the year due to the implementation of safety improvements and resource development work although these should be partially offset by operating efficiencies.

CGMR has an expansion opportunity which it intends to pursue by entering into a non binding MoU to acquire a neighboring mine which has additional resources and an existing production facility capable of processing 300,000 tonnes of iron ore concentrate tonne per annum.

In 2010, Wits Basin's per share pro forma profit could exceed 7 cents based on its 50% ownership in CGMR completing the neighboring acquisition and assuming CGMR has returned to London Mining its priority USD 45 million return of investment.

(Sourced from Reuters)

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