
Firestone lifts Waterberg resource with second Sekoko Coal agreement

Sunday, 05 Apr, 2009

Mining Weekly reported that ASX and JSE listed Firestone Energy has added to its ground holding in South Africa's Waterberg coalfield, by signing a second JV agreement with coal producer Sekoko Coal.

The transaction would deliver an interest in four additional farms, which have a joint ore reserves committee complaint resource estimated at 996 million tonnes. Along with Firestone's Vetleegte and Olieboomsfontein farms, the six farms comprise one of the largest land holdings in the Waterberg coalfield.

Under the JV agreement, Firestone's wholly owned South African subsidiary, Lexshell 126 General Trading, would establish a JV whereby Lexshell could earn an initial 50% interest in the properties for a cash payment of ZAR 17.5 million and ZAR 265 million in Firestone shares.

Firestone must endeavor to complete a placement to raise the ZAR 17.5 million to third parties, on behalf of Sekoko, within 90 days of the satisfaction of the agreement conditions. It would also reimburse Sesoko any expenditure of no more than ZAR 12.6 million, which has been spent on exploration and development of the four properties.

The transaction would be conditional on Firestone completing a capital raising at AUD 0,05 a share, to raise no less than AUD 4 million, Firestone completing legal, financial and technical due diligence on the properties and the approval of the JSE and the South African Reserve Bank.

The company could earn a further 10% interest upon completion, within a 2 year period of a bankable feasibility study, enabling the establishment of a future commercial mining operation.

(Sourced from Miningweekly.com)

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