



A paste thickener plant. Stefanutti Stocks Mining Services is one of the pioneers of this technology in South Africa.

STEFANUTTI STOCKS HAS DIVERSIFIED MINING ARM

JSE-listed Stefanutti Stocks is well known as being one of South Africa's 'top-tier' civil engineering and building groups. Perhaps less well known is the fact that it has a very capable and diversified mining arm, able to provide a wide range of services to the mining industry including opencast contract mining, the design, construction and operation of tailings facilities and materials handling in the coal mining industry. The group's mining expertise stems from its March 2007 acquisition of Environmental, Civil and Mining Projects, known universally in the mining field as ECMP.

Although ECMP was established nearly 20 years ago primarily as a specialist designer, constructor and operator of tailings facilities for the mining industry, it subsequently diversified

into contract opencast mining and materials handling. Today it operates as a business unit within Stefanutti Stocks and is known as Stefanutti Stocks Mining Services (although as the 'ECMP' name carries goodwill, it still continues to be used on the business unit's letterhead in parallel with Stefanutti Stocks branding).

Heading the business unit is Mike Smith, who was the co-founder of ECMP along with John Robbertze (who has now, sadly, passed away). "John and I had worked together for around 17 years at SRK Consulting," Smith recalls. "While we were both doing well there, we had the urge to start our own business and in 1991 we left SRK to establish ECMP. In those days Fraser Alexander had a virtual monopoly of the tailings operations market but this didn't deter us. We believed that there would be a place for a second player and so it proved. The new venture was a success from the start and within a month of registering the new company it was awarded a contract by Randfontein Estates."

ECMP did not confine its activities to South Africa. In 1994 it moved into West Africa, starting with Ghana but subsequently expanding to neighbouring countries such as Mali, Burkina Faso and Guinea. The company also secured work in Zambia, con-



Some of the senior managers of Stefanutti Stocks Mining Services. They are (from left): Eugène Nortjé, Marketing/Estimating Manager; Ross Cooper, Director, who runs Tailings Operations; Craig Morris, Financial and Admin Director; Freddie Strydom, Director, who heads Contract Mining; and Mike Smith, Managing Director.



Typical project hauling fleet.

structing – for example – the Chambishi tailings dam and then operating it under contract. Currently Stefanutti Stocks Mining Services has assignments outside of South Africa at Mimosa platinum mine in Zimbabwe and Chibuluma copper mine in Zambia, but it is keen to expand its African 'footprint'. As Smith says, "Africa represents a growth market for us and we see particular opportunities in the Southern African region, notably in Zambia, Zimbabwe, Namibia, the DRC, Botswana and Mozambique." He adds that the beneficial concept of outsourcing tailings operations has not yet taken hold in the rest of Africa – which means that the potential market for Stefanutti Stocks' services is virtually open-ended.

ECMP moved into open-pit contracting in 2004. The company had successfully completed – and was operating – the tailings facility at the Nkomati nickel mine and this led to it being invited to tender on the mine's first open-pit operation. "This phase one pit was initially small in tonnage, but eventually, in conjunction with chrome mining at the site, it grew to be substantial at over 1 Mt a month," says Smith. "Our contract also included the crushing and screening of chrome and nickel ore." ECMP is still today involved

with the chrome operations at Nkomati mine.

When Stefanutti Stocks (then Stefanutti & Bressan and preparing to list on the JSE) approached ECMP with an offer to purchase in late 2006, it came at an opportune time for the company. "Although we had experienced good growth since founding and had reached a turnover in the region of R100 million, it was clear that we would need a 'big brother' if we were to continue expanding into the contract mining market in particular," says Smith. "Mining equipment – excavators, trucks and the like – is capital intensive and very difficult for the smaller to medium-sized companies to finance. In addition, we needed to put in place a robust succession plan for the company as both I and John were well into our 50s at that point. We decided to accept the offer and in retrospect I can say it was an excellent move. We've been able to grow to the point where our turnover in the 2010 financial year should exceed our turnover in 2009, which has increased fourfold from 2006. In addition, we've integrated well into the Stefanutti Stocks group. Our cultures are totally synergistic and complementary and we find the group's management very supportive."

Stefanutti Stocks Mining Services now operates



Tailings discharge. Stefanutti Stocks Mining Services originally made its name as a specialist designer, constructor and operator of tailings facilities and this remains a major part of its business.

through four distinct divisions – Design and Construction, Tailings Operations, Material Handling and Contract Mining. Of these four, Design and Construction is the biggest accounting for about 40 % of the business unit's turnover at present. Contract Mining, however, is not far behind and has the potential to emerge as the biggest component of the Mining Services business unit.

The Design and Construction Division, headed by Stephen Goodhead, is mainly concerned with the design and construction of tailings and related facilities, but can handle general civils and earthworks as well. As its name suggests, it can offer a total turnkey solution to mine owners where it takes responsibility for designing a facility and then executing the construction, but it will frequently act purely as the construction contractor in the traditional tender process. The division has carried out some notable contracts over the past several years, including the cycloned tailings storage facility at the Two Rivers mine, terraces and dams at Nkomati Nickel, Finsch's Britz tailings disposal facility and, perhaps most impressively, the paste disposal facility at Assmang's Khumani iron ore mine in the Northern Cape. Its work at Khumani encompassed both design and construction and the scope of the contract included the tailings dam, return water dam and thickener terrace, as well as all the civil, mechanical and electrical works for the construction of the 18 m diameter paste thickener. It is currently operating both the thickener plant and the tailings dam.

Comments Smith: "We can claim to be the pioneers of paste thickening in this country as we have been closely involved with three of the four installations so far completed – at Khumani, at De Beers' Combined Treatment Plant (CTP) in Kimberley and at the Voorspoed mine in the northern Free State, also a De Beers project. The CTP plant was in fact the first paste facility to be completed in South Africa. In dry areas such as the Northern Cape, the technology allows significant water savings – 70 % in the case of Khumani. It is also considered to be environmentally-friendly compared to more conventional tailings disposal methods. On the downside, the pumping of pastes is very challenging." He adds that Assmang has recently awarded Stefanutti Stocks Mining Services the contract for the phase two expansion at Khumani, which will involve a second paste thickening system.

Among further contracts recently awarded to the Design and Construction division are the tailings facilities at Great Basin Gold's Burnstone mine near Balfour, the Vergenoeg fluorspar mine north of Pretoria and Kumba Iron Ore's Kolomela (Sishen South) mine in the Northern Cape. In the coal mining field, it has secured contracts for the renewal of a discard disposal facility and the rehabilitation of canals at Middelburg Mine Services.

The Tailings Operations division, run by Ross Cooper, works very closely with Design and Construction, often taking on the operation of the facilities constructed by its sister division. This was the case on Khumani phase one, where there was a seamless progression from design through construction to operation, and also at Finsch. The Tailings Operations division – which brands itself as a 'mine residue management specialist' – not only operates



Contract mining operations by Stefanutti Stocks Mining Services.

tailings facilities but is also engaged in the hydraulic reclamation of mine residues and in mine closure and rehabilitation. Clients of the division include most of South Africa's mining houses, a typical example being Harmony which has outsourced most of the tailings operations at its Free State mines to Stefanutti Stocks Mining Services. The division is also involved in the environmental clean-up of water courses polluted with coal fine slurry in the Mpumalanga area.

The Material Handling division is a fairly recent addition to the Stefanutti Stocks Mining Services lineup. "In August 2009 the group acquired a company known as WERM – Waste Energy Recovery and Management – which specialises in the reclamation of coal discard and fine coal," says Smith. "WERM has been placed within the Mining Services business unit as there are considerable synergies with the other mining divisions and is now our Material Handling division. Directing its activities is Marco Pasquali. Apart from reclaiming coal discard, it carries out coal plant and terrace activities, crushing and screening, product loading, dump reclamation, coal slurry and discard disposal and final dump rehabilitation. At this stage, it is entirely focused on the coal mining industry."

Completing the divisional lineup is Contract Mining, which is the responsibility of Freddie Strydom. Apart from opencast mining (in both coal and hard rock), its skills include mine planning, drilling and blasting, crushing and screening, environmental rehabilitation and the construction of civil works related to opencast mining, such as haul roads, bypass roads, stormwater berms and trenches and pollution control dams. It operates a mining fleet consisting mainly of 65-t payload rigid dump trucks and 95-t to 120-t excavators.

Stefanutti Stocks has great ambitions for Contract Mining, which it sees as having major growth potential and is prepared to provide it with the backing to take on large contracts. Says Smith: "If we need bigger excavators and trucks to handle big projects, then that's an investment we're prepared to make within prudent investment and capital expenditure boundaries and taking into account top and bottom line benefits. We're also open to making acquisitions,

if the right opportunities present themselves.”

Contract Mining was recently selected by Miranda Minerals as the preferred mining contractor to conduct the opencast mining at the Sesikhona project, located at Dannhauser in KwaZulu-Natal. According to Miranda, it chose Stefanutti Stocks Mining Services because of “their proven track record in consistently delivering on their stated and required targets.” Miranda’s CEO, Ron Nel, also stated that “Stefanutti Stocks have bought into Miranda’s vision to lead the redevelopment of the KZN coalfields, which have been of strategic importance for over one hundred years.” The current stated target for Sesikhona is for Stefanutti Stocks to produce 480 000 tonnes of ROM coal per annum, subject to the final mine plan.

In terms of its BEE credentials, safety record and QA compliance, Stefanutti Stocks Mining Services scores well. It has a BBBEE status of Level 3, a Disabling Injury Frequency Rate (DIFR) of 0,39 (representing a rolling average for the 12 months to February this year), has well over a million hours without a disabling injury under its belt (as at the time of writing) and is on course to achieve ISO9001 accreditation by June this year. “We’re proud of our record in these areas and intend improving still further,” says Smith.

Concluding, he makes the point that Stefanutti Stocks Mining Services has been affected by the recession (in common with the rest of the industry), with the 2009 financial year having been particularly challenging. “Our 2010 results will be better and we



Hydraulic reclamation of mine residues is one of the services offered by the Tailings Operations division.

are of the opinion that the worst may be behind us,” says Smith. “We’ve had a number of important contracts being awarded to us in recent months and we’re in the running for several more. While we don’t expect to see activity levels returning to the point where they were before the crash, when the industry was over-heated, we do believe that the mining industry is in a slow recovery phase. If this is the case, then Stefanutti Stocks Mining Services is well positioned for further growth, offering as it does a range of services which most of its competitors can’t match.”

Report by Arthur Tassell, photos courtesy of Stefanutti Stocks Mining Services