

Kibali production wins bottle of wine

By [Brendan Ryan](#)

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London-listed mining company Randgold Resources is on track to produce the first gold from its developing Kibali mine, in the Democratic Republic of Congo, in October, chief executive Mark Bristow said on Wednesday (10 July).



The mine is a joint venture between Randgold Resources and AngloGold Ashanti.

The venture is managed by Randgold, which investors have re-rated against AngloGold over the past two years.

Bristow said in Johannesburg that Randgold was "now substantially larger in market capitalisation than AngloGold. "I think there's a clear message in the fact that we run only four operations," he added.

Kibali is set to produce 30,000oz of gold this year and then increase production to full its output of 700,000oz a year by 2017.

Bristow said he had a bet in place with Mark Cutifani, the former chief executive of AngloGold and now with Anglo American, over the timing of the first gold production at Kibali. "That goes back to the BMO investment conference in Miami in 2011.

Cutifani 'only too happy to pay.

"Mark publicly said he was not sure whether Kibali would produce gold during 2013. He said he would give me a bottle of good Australian wine of my choice if I (brought) the mine into production during 2013 and a bottle of good South African wine if I (did) it during 2014.

"I replied that was actually a huge disincentive for me so we switched the nationality of the wines around. I am having a South African wine specially grown," he added.

"It will cost him a heap he'll have to pay the bet at a public event," Bristow said.

Asked about the bet, Cutifani said: "I will be only too happy to pay."

The apparent "needle" between the two groups predates Kibali and can be traced back to when Randgold launched a counter-offer to AngloGold's bid for Ghanaian gold producer Ashanti Gold Fields. AngloGold eventually won and merged with Ashanti to create AngloGold Ashanti in 2004.

Bristow subsequently clashed with then AngloGold chief executive Bobby Godsell over the running of the Morila mine in Mali, which was a joint venture between the two groups but was managed at the time by AngloGold. Randgold eventually took over management of Morila after Cutifani replaced Godsell.

Growth driver

Bristow said "the biggest driver of Randgold's fortunes has been the things we did not do and we did not take over Ashanti Gold Fields because we were not prepared to pay too much for it". Randgold intended to take advantage of the depressed gold market to expand its operations but would do so through acquisitions of good exploration ventures.

"There are plenty of exploration companies that are going to go bust," Bristow warned. "We are looking all the time and, when we see good ground, we will strike a joint venture deal giving us control of the asset.

"The best way to grow is to make the discoveries yourself. We bought Kibali at a discount because of the political risk in the (Congo) but we then developed the resource from 5m ounces of gold to 11m ounces.

"I think the cheapest way to explore is to buy tenements that have already had a lot of exploration work done on them. It is not cheap to buy existing production that is unprofitable," he added.

Bristow described many of the exploration companies as "dusters" rather than explorers. "When the gold price recovered after the bust in the 1990s they dusted off all the old project documents," he claimed

Source: Business Day via I-Net Bridge

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