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Ransacked Gold Mine Venture Reboots as Partners Quit Project

by

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- Peter Skeat plans to mine huge old pillars at Blyvooruitzicht
- Mining veteran received a 30-year mining right April 6



A padlock and chain secure a security gate at the closed Blyvooruitzicht gold mine.

Photographer: Dean Hutton/Bloomberg

South African mining veteran Peter Skeat is pressing ahead with plans to squeeze more gold out of an 80-year-old ransacked gold mine west of Johannesburg after settling a dispute with three former partners.

The entrepreneur, who is part-financing the venture himself, is seeking investors to help fund a revised development plan at

the Blyvooruitzicht mine after receiving a 30-year mining right for the operation on April 6.



Disused mine buildings and mine access structures at Blyvooruitzicht gold mine

Photographer: Dean Hutton/Bloomberg

Skeat, 63, plans to spend as much as \$100 million rebuilding Blyvooruitzicht. While the mine was once among the world's top producers, its recent history has been tumultuous. The site was overrun by illegal miners and equipment looted after it was abandoned by the previous owners in 2013.

That's not deterring Skeat, who says there are still 27 million ounces of gold resources left to be extracted, including about 1 million contained in massive pillars left behind to support shafts during the mine's early development. Those alone, which the entrepreneur calls his "ace card," could be mined at low cost for a decade, he said.

Blyvoor "has been through some hard times, but we're confident in our plan to get this producing at the lowest cost for any underground mine" in South Africa, Skeat said. The support

structures contain relatively high grade ore and can be mined because they're redundant, he said.

The mine was placed in liquidation in 2013, costing about 1,700 workers their jobs and the site fell into ruins. When Skeat bought the mine in 2015, he teamed up with brothers Bastiat and Dane Viljoen and another director, Karel Potgieter. The group planned to focus initially on reprocessing old waste dumps before the relationship soured. The dispute about scrap metal sales has now been settled and the three directors have left the venture.

At an average of about 13 grams per ton of gold, about three times higher than a typical South African gold mine, Skeat says he can produce some 100,000 ounces a year from the pillars at all-in-sustaining costs of \$600 an ounce. Gold has climbed almost 10 percent this year and traded at \$1,256.82 an ounce by 8:16 a.m. in London.

[Click here to read about Skeat and his NYU-graduate partners' earlier plans](#)

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Reviving Blyvooruitzicht won't be easy, according to Ferdi Dippenaar, who said he mined pillars when he was chief executive officer of Village Main Reef Ltd., the last operator. "It's old infrastructure, a lot of maintenance, with a lot of seismic activity," he said in a phone interview. Intensive mining can increase the likelihood of seismic events. "If you're mining remnant pillars in old areas, it's always going to be difficult," he said.

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Another concern is the environmental risks posed by such an old mine, according to Mariette Liefferink, CEO of the Federation for a Sustainable Environment, a local community organization. While the FSE is not opposed to Skeat's plan, it wants more detail on how water will be used and its quality controlled, and has voiced concerns over where waste material will be dumped in the long term, Liefferink said by email.

Blyvooruitzicht, which means Happy Prospect in Dutch, was one of the world's biggest and most profitable gold mines in the 1950s and 1960s, according to "Golden Age," a 1968 book chronicling South Africa's mining industry. It is situated in the heart of South Africa's Witwatersrand Basin, which has produced almost half of the world's gold.