

AFRISAM OPTIMISTIC ABOUT PROSPECTS FOR GROWTH IN WESTERN CAPE

Friday, 20 May 2011 - Notwithstanding the current weak state of the construction industry, one of South Africa's major cement manufacturers, AfriSam, is starting to plan for a capacity increase to meet future demand and avoid shortages in upcoming years.

AfriSam CEO, Stephan Olivier, said the company would soon resume planning for a R2,2 billion integrated cement plant in the Saldanha area.

"Per capita cement consumption in the Western Cape is relatively low. With continued population growth and the need for housing and infrastructure, there are indications that the local market will benefit from the presence of an additional cement supplier," he said.

"Given that we have a large limestone deposit in the Saldanha area and considering our desire to improve our market penetration in the Western Cape, we intend to conduct an Environmental Impact Assessment (EIA) for the proposed expansion of our local quarrying activities and the construction of a state-of-the-art cement manufacturing plant close to the Saldanha port."

Olivier said that an EIA had been conducted in 1997 for a similar project, inclusive of appropriate land rezoning, but the project had for various reasons been put on hold at the time. AfriSam would now be starting on a new EIA to take into account new legislation and a phased approach to the proposed development.

The project would start with the expansion of the limestone quarry and construction of a cement milling and packing plant at a cost of about R600 million, in the industrial area close to the Saldanha port. Clinker, the semi-finished stage of cement, would initially be imported from AfriSam's cement plant in the Northern Cape for intergrinding with local limestone.

In due course, a fully fledged cement manufacturing plant would be built alongside the cement mill and packing plant at a further cost of about R1,6 billion.

Olivier added that the proximity of the deep water port would facilitate exports and meant that AfriSam could scale up the plant to achieve the environmental and production efficiencies associated with large international plants.

AfriSam, through National Portland Cement, had been mining limestone for cement and agricultural purposes in the Saldanha quarry area since the mid 1970s, having prospected and mined for bulk sampling as early as 1948.

The EIA is anticipated to start within the next two months.

ENDS

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