

## Shaft Sinkers shares down 29% on contract warning

*Business Day* reports that London-listed South African company Shaft Sinkers shares fell 29% to £0,59 on the London Stock Exchange after telling the market it is in talks with Eurochem about amending or halting a contract at a potash project. The company said this week that shaft sinking work had been suspended while talks with Eurochem to alter the contract or terminate it were being held.

Shaft Sinkers said in November that it was making "very slow progress at Eurochem's Volgakaly potash mine due to difficult ground conditions, where specialised grouting techniques are being used to stabilise the area to be traversed ". According to *Business Day*, Eurochem, Russia's largest maker of nitrogen fertilisers told Bloomberg it would delay the project for nine months. The first phase of the project will now see initial output of about 150000 tons of potash for 2014.

"Due to new methodologies adopted at Royal Bafokeng Platinum Styldrift No. 1 Shaft in order to enhance safety standards, revenues are behind target with margins below expectations," CEO Alon Davidov told *Business Day*. "Production levels at this shaft are in the process of returning to budgeted levels, which we expect to achieve by year end," he said, adding that there are tenders and proposals in SA, Russia, Kazakhstan, Israel and India awaiting client adjudication.

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