

Minergy bringing Botswana coal story to London

Botswana-listed coal junior Minergy (BSE:MIN) is looking ahead at a busy 2018 as it aims to bring its Masama coal project in Botswana into production and complete a secondary listing on London's AIM exchange.



[Jacqueline Holman](#)



Andre Boje has a busy year ahead with the development of the Masama mine and an AIM listing

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CEO Andre Boje spoke to *Mining Journal* ahead of these upcoming milestones.

Mining Journal: Why did you choose AIM for a secondary listing? What about the JSE?

Andre Boje: We've got experience on the JSE — we've listed companies on the JSE before — but we believe that there is not sufficient appetite for junior mining, specifically coal juniors.

The main reason being there has been a number of Australian companies that listed on the JSE during their exploration phase that never came to fruition — poor listings that cost them a lot of money, so I don't believe the appetite is there at the moment. It may change, you never know, but we decided to look elsewhere.

We looked at the ASX, but the Australians, having listed these companies on the JSE and been burnt, are not too happy with Africa. They're happy in coal, but they want to invest in their own backyard.

So, we spoke to the guys from AIM, went through the process and found a lot of appetite for Botswana. Specifically, in London, there's a special affinity for Botswana. They like the whole Botswana story and they're not adverse to coal, which we thought they might be.

Compared to the junior mining space at the JSE, the money is here, so that's why we chose AIM.

MJ: What timeline are you looking at for the listing?

AB: We want to list when we're in production and not before, so that's around October or November this year.

We are going to start the formal process in May. We were quick to find out the informal appetite and now need to find the formal appetite.

MJ: How much are you planning to raise in the IPO?

AB: Just sufficient funds to cover our costs, because we are fully funded from the Botswana pension funds to go into production.

We can maybe raise a small additional amount, but our main focus on AIM is to raise money in phase two, which is to expand our production some time in 2019. It's currently a 1.2-1.5 million tonnes per annum (project), depending on the yields, and we are looking to double that to 3Mtpa.

MJ: What are the upcoming milestones for Masama?

AB: The first is our mining licence in the next couple of months, then we'll start commissioning the mine. We'll start digging holes in July ... and reach full production/capacity in early 2019.

From there, we will look at the coal price and, if it's good, we'll start the process of expanding the mine and, once we've reached that, we'll think again.

Further expansion depends on pricing and also on TFR (Transnet Freight Rail). There is a link they have to build at Lephalale to really open up the Botswana coalfields and, if they commit to doing that in the next four-to-five years, we'll certainly expand production to at least 4Mtpa.

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TFR have been very bullish on this. They need the coal, as they have a shortage of 12Mtpa on the line. So there's a will to make it happen, but it all depends on pricing.

MJ: You plan to sell to the local Botswana and South African markets: who will be the primary customers?

AB: Industrial users. That's our team's history. We're going to sell the coal into the South African domestic market —your traditional-type offtakes — that's an 18Mtpa market there and the one we're targeting.

MJ: What quality of coal are you looking to mine?

AB: Export quality coal of 5,900-6,000 kcal/kg NAR

MJ: Will you be selling it into the international export markets?

AB: It depends on the export price of coal. Botswana is land-locked, so you have to get the coal to the [Richards] Bay [Coal Terminal], so your logistics costs are somewhat higher than the others.

At current pricing levels, we'll look to increase our production quite quickly to double and sell 1-2Mtpa to the big traders, but that will all depend on the international coal price next year.

API4 (the FOB Richards Bay 6,000 kcal/kg NAR coal price) is close to US\$100 per tonne, so, if it remains there, we'll definitely be exporting coal.

MJ: Which markets?

AB: We're going to sell it to traders. Some of them get better logistics prices than we do, so we'll either sell it to them on their stockpile at RBCT or we're sell it FOR (free on road) at our mine.

South Africa currently exports 4Mtpa into Africa and they reckon, by 2030, it will be 38Mtpa. Where will that coal come from? From Botswana and South Africa. People aren't investing in South Africa and they have to go to the Waterberg, which is difficult mining, so Africa is definitely a market for us.

We'll take advantage of selling to the traders. We're not going to get involved in trading as we'll never have the infrastructure or the structures to export ourselves.

The regional/domestic market is a go. We're going to do that no matter what and it'll be spot business, because that's what we've done for 20 years.

With the international market, it all depends on what happens, but that capital will come from AIM to expand the mine to 3Mtpa of saleable output.

We won't expand until we have an offtake agreement. We have 1.2Mtpa we know we can sell, so before we expand into any further markets, we want to know we can sell it — we want someone to give us an offtake.

MJ: What else have you got planned for this year?

AB: That's all we're focusing on. It's a lot of work with the mining licence, construction, commissioning and AIM listing. That's 2018 done and dusted.