

Minergy To Start Exporting Coal In 2018

Figures show that the global market is expected to start recording shortfall in supply with effect from this year

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The Botswana Stock Exchange (BSE) listed coal mining entity Minergy last week told its shareholders that the first sale of coal exports from its Botswana coal project is expected by September 2018.

Minergy which intends to sell coal to consumers in Southern Africa and the international market is developing a coal mine in Masama area, situated in Mmamabula coal field.

The company's board chairperson Mokwena

Morulane last week expressed confidence that after finalizing and submitting an application for mining license and Environmental Impact Assessment (EIA) plan the Department of Environmental Affairs will approve the EIA plan in December 2017 followed by the awarding of a mining license in April 2018 and mining in July the same year. "We expect that all Environmental Impact Assessments, feasibility studies and the approval of our mining license will be in place in 2018, with mine development expected to take place during the same



Minergy chairman Mokwena Morulane. Pic: www.minetravel.co.bw

year. Notwithstanding Minergy's business plan to sell 1.2 Mt of coal into the regional market, Minergy will together with government and other industry players, look to address the logistical challenges facing the coal industry in Botswana," states the board chairperson.

He added that the company is set to attract specialized skills in coal mining and trading and over time these skills will be transferred to local managers. "The development of the Masama Coal Resource will also create significant local job opportunities and skills development. In addition, the listing on the BSE means that the people of Botswana will have another option into which to directly invest and participate in the future of our country's mineral wealth."

In the recent market update the company indicated that the Masama Coal Project can reliably deliver a steady stream of coal products to the local, regional and international market places. "The size and location of this shallow resource supports its competitive cost structure, which is underpinned by cost-effective opencast mining of high-quality coal. The resource is near to existing rail, road and water infrastructure, and has significant distance advantages over existing coal suppliers to regional markets. The project further holds large tonnages of export quality coal, ideally suited for export to Africa, India, Asia and China should the economics be attractive," stated the company.

The company stated that the project is positioned to take advantage of the projected global shortage of coal. According to recent figures from the research company Noble Energy Research, the global market is expected to record shortage of coal, as supply is projected to drop from 890 billion tonnes recorded in 2016 to 858 billion tonnes by 2030 while demand is anticipated to increase from 889 billion tonnes to 1 241 billion tonnes during the same period. The figures show that the global market is expected to start recording shortfall in supply with effect from this year, as a deficit of 13 billion is projected in 2017 and could increase and reach 28 billion in 2020, 180 billion (2025) and 382 billion tonnes in 2030. According to the statistics, the biggest global suppliers of coal are expected to record decline in production. Coal production from the top global suppliers being Indonesia is expected to decline from 380 billion tonnes in 2017 to 280 billion tonnes in 2030, while production at the second biggest global producer Australia could decline from 200 billion tonnes to 220 billion tonnes during the same period, Colombia (90 billion tonnes to 85 billion tonnes) and USA (14 billion tonnes to 12 billion tonnes). "It is forecast that by 2030 the world will be short of 380 million tonnes of seaborne thermal coal due primarily to increased or at worst steady consumption, coupled with decreased production due to mines reaching end of life, lack of investment and production cut backs in China," said company management.

The management added that the Southern African market is also experiencing significant reduction in supply of coal while demand is growing. "The demand for coal in the southern African region continues unabated with prices escalating on an ongoing basis. The July 2017 McCloskey Coal Report highlights that South African domestic prices are 51% higher than the same period in 2016 and there is strong demand from the cement, industrial and paper industries."