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Business

Infrastructure impedes coal development



Boje

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WITH OVER 200 BILLION OF COAL reserves which remains largely untapped, the main impediment to the development of this resource is said to be lack of infrastructure in place to get it to the market.

Currently there is one operational coal mine in Botswana, Morupule Coal Mine with the majority still at various stages of exploration and awaiting mining licenses.

The Botswana Resources Sector Conference (BRSC) which was held in Gaborone this week discussed at length opportunities and challenges by the coal industry in Botswana.

Botswana Chamber of Mines (BCM) CEO, Charles Siwawa, believes the biggest challenge facing the industry is lack of infrastructure that supports the coal sector.

BCM, which established in 1986, is an organisation that exists to serve the interests of the mining and exploration companies together with associated industries. It currently has 30 registered members.

This was also shared by a number of coal developers, among them Shumba Energy and Minery, both of which are listed on the local bourse and have coal projects which are currently at advanced stages.

The mining industry has in the past years faced a number of challenges, resulting in the closure of a number of mines, with factors such as rising costs of production and a decline in commodity prices contributing to such closures.

"Mining in Botswana remains a viable option; a significant work is being put in place to facilitate production," Siwawa said.

Andre Boje, who is the CEO of Minery which is the latest coal company to arrive in Botswana, said coal will remain the most sought after mineral in the future with shortages expected in the future.

There have been fears that coal usage is terminally on the decline due to many countries shifting to the use of green

energy as the world battles with the effects of global warming. However, this does not worry coal developers even a bit.

Boje, whose company is developing Masama Coal Project and awaiting mining license, said China would remain the world's largest coal market alongside India. He said another key market will remain the African continent whose demand for power is expected to increase in the future.

The biggest challenge that has slowed the development of the coal industry in the Southern African region, Boje said, is because of little investment that has been done in coal mines.

With regards to Botswana coal industry, Boje noted that the logistical infrastructure is not suited to seaborne thermal coal export initiatives.

"Botswana coal can create in excess of 1, 000 jobs and stimulate economic growth," Boje said.

Another coal developer Shumba Energy, whose exploration license sits on a 4.5 billion tonnes of thermal coal, believes Botswana coal is under-utilised with a huge potential in the market as there is currently supply shortage.

"The shortage is real and we need to out and explore that shortage," said Thapelo Mokhathi, Shumba Energy Finance Director. He said Botswana coal is economical and is of high quality to the market.

Shumba Energy projects are still in development stages including Sechaba and Mabesekwa Projects which are Independent Power Producers. In addition to these projects, Mokhathi said the company has recently launched a Coal Trading Division in order to acclimatise with the coal industry.

Through this subsidiary, Shumba buys coal from other producers and sells it to the market.

The Minister of Mineral Resources, Green Technology and Energy Security, Eric Molale said monetisation of the country's coal resources remains an area of focus for Government of Botswana in accordance with the Coal Roadmap.

"Government views the development of this commodity as a key step to driving employment creation and diversifying the mine sector," he said.