

Coal of Africa to start exporting in July

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12 Mar 2009

Developing coal miner Coal of Africa will export coal from its first mine after June this year and bring a second mine on stream before June next year, it said Wednesday, 11 March 2009.



Its first mine, Mooiplaats, has secured a long-term allocation to export an initial 900,000 tons of coal through the Richards Bay Dry Bulk Terminal, with potential to increase this to 3-million tons. It also has an agreement with Transnet Freight Rail to transport the 900,000 tons to the port.

Coal of Africa's next scheduled project is the Vele coking coal mine, for which it has applied for a mining licence. The mine, which will be both open cast and underground, will supply coal to ArcelorMittal. The company has also participated in a consortium with independent power suppliers in tendering to supply Eskom with a middlings product — which is lower quality than coking coal but can be used in Eskom's power stations — from both its Vele and its planned Makhado mine.

On Makhado, Coal of Africa has signed a joint venture agreement with Rio Tinto, which combines part of Rio Tinto's Chapudi project with part of the Makhado deposit to improve the economics of the combined project.

In January, Coal of Africa concluded an agreement with Transnet to rail a million tons of coal a year from Vele and Makhado to the Matola export terminal in Mozambique. Although neither of these mines is in production yet, Coal of Africa is railing third-party coal to the port in the interim to earn some revenue.

In the six months to December, the company, which is listed on the JSE, London's AIM and the Australian Stock Exchange, made a loss of AUS\$1,3m compared with a loss of AUS\$2,2m in the same period in 2007 on a decline in total revenue to AUS\$23,9m from AUS\$25,1m previously.

The group earned AUS\$8,9m in interest but its nickel magnesium business, NiMag, made a loss of AUS\$2,1m, down from a previous profit, mainly because of a downward revision to the value of its nickel inventory.

A headline loss of AUS\$0,32 a share was made, from a previous loss of AUS\$0,75. No dividend was paid.

Coal of Africa held AUS\$204,7m in cash at the end of December, compared with AUS\$113,6m a year ago, which it said was enough to continue exploring and developing projects. Its gross coal resources were 2,2-billion tons, of which about 95% was in the coking projects.

Source: Business Day

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