
Exxaro partners SASOL Mining in JV to supply potential CTL plants

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Sharenet reported that diversified resources company Exxaro Resources Limited has entered into a prospecting JV agreement with Sasol Mining Proprietary Limited for the development of a new coal mine to supply Sasol's potential new inland coal to liquids project.

Project Mafutha is an investigation into the development of another CTL project in South Africa and is envisaged to be located in the north-western part of the Limpopo province due to the substantial coal reserves in the Waterberg region.

Should the project proceed, it will require a new coal mine to produce feedstock for the 80 000 barrels per day CTL complex. The development will help meet the growing shortfall in South Africa's domestic fuel production, most notably in the installed capacity for producing diesel and petrol. In recent years, South Africa has been a regular importer of refined fuels to supplement local production.

It is expected that such a mine would require an opencast truck-and-shovel extraction method, an area in which Exxaro has beneficial expertise.

The development of the new mine is in the pre-feasibility stage with the mining of a bulk sample planned for before the end of 2009. It is expected that some 170 000 tonnes of coal will be mined for large-scale testing at the Sasol Synfuels Secunda plant.

Exxaro's participation in the joint venture for the new mine is subject to the applicable regulatory approvals, the company's continued interest in the project and development of the CTL and associated Mafutha coal mine. Exxaro is represented in the mining JV by Exxaro Coal Mpumalanga Limited, a wholly owned subsidiary of Exxaro Coal Limited.

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