
Wescoal buys Mpumalanga mine for ZAR 36.5 million

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Mining Weekly reported that coal junior Wescoal has bought the Khanyisa mine, in South Africa's Mpumalanga province from Nucoal Mining for ZAR 36.5 million to build its asset base.

The junior miner in a statement said that it was seeking additional coal resources and that the Khanyisa mine, which stretched 3 portions of the farm Heuwelfontein 215 IR, had a remaining measured coal reserve of 4.5 million tonnes and further indicated resources of 0.5 million tonnes.

About 100,000 tonne per month ROM was currently being extracted from the two operational opencast pits at the mine, which was close to Kendal but coal was not processed on site.

Wescoal said that the acquisition would substantially reduce its ROM input costs and lead to constant quality ROM. This could also potentially double Wescoal's current processing capacity to about 40,000 tonnes per month, when required, while also allowing the junior miner to enter new markets, owing to greater sustainability of quality ROM.

Wescoal would pay Nucoal ZAR 25 million in cash within 7 days of the effective date of the deal on August 1, with a further amount of between ZAR 8.8 million and ZAR 11.5 million payable on the first anniversary of this date.

Further, if Wescoal decided to mine coal on portion 99 of the Heuwelfontein farm it would have to pay Nucoal a maximum of ZAR 8 per tonnes of coal mined from that portion up to a maximum of ZAR 6 million.

(Sourced from miningweekly.com)

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