

Energising East Africa

The underlying industrial demand for base-load energy in East Africa is growing rapidly at some 20% pa, said Jonathan Warrant, executive director at Intra Energy Corporation (IEC), at the recent Mining Indaba in Cape Town. *By Nelendhre Moodley.*

East Africa is the fastest-growing area in the world with regard to gross domestic product growth and is expected to remain so for at least the next decade. As such, the ASX-listed company is well positioned to cater to the region's energy needs - domestically into Tanzania, where it has a well-established presence, and simultaneously into the surrounding regions.

Africa needs energy to support growth, industrialisation and urbanisation. East Africa, in particular, has a pressing demand for power, says Warrant.

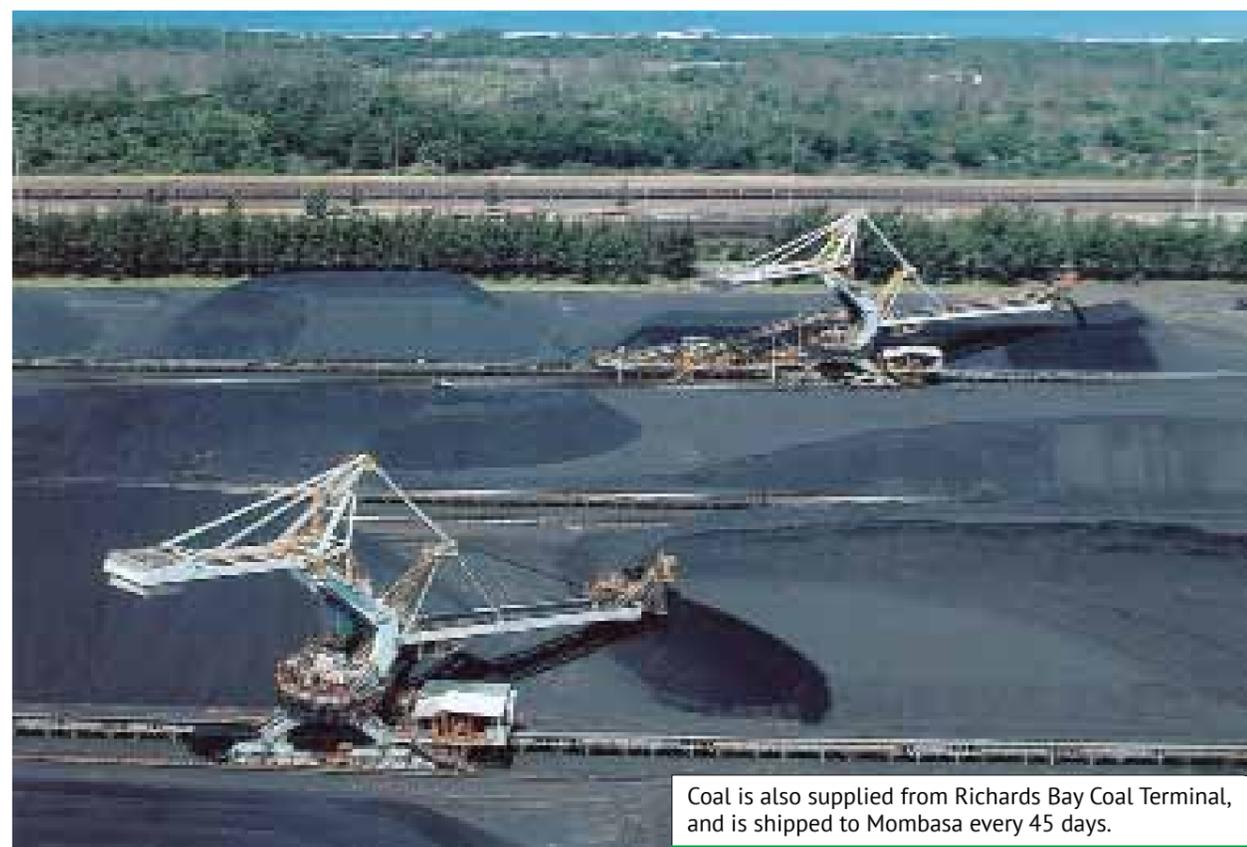
Countries such as Tanzania and Malawi are currently reliant on expensive diesel power and hydropower, which, during dry spells, sees rolling black-outs as a result of insufficient base-load power supply. "The current energy supply in

Tanzania is 1100MW, of which only 700MW is practically available. This services only 14% of the 45m population. The situation in Malawi is even more dire, with only 160MW of the 300MW generated working effectively. The power generated in Malawi supports only 8% of the population," he explains.

IEC holds a 523mt JORC resource in Tanzania, and recently acquired an existing mine and promising exploration licences in Malawi. Since 2011, IEC has developed the Tancoal mine, supplying coal to industrial customers in Tanzania, Kenya, Uganda and Malawi. Its key focus remains expanding production



Intra Energy Corporation's team on their coal site



Coal is also supplied from Richards Bay Coal Terminal, and is shipped to Mombasa every 45 days.

and securing additional coal resources in parallel to driving power station development with IEC as a fuel supplier.

"IEC supplies export quality coal into Eastern Africa which is highly sought after because it provides an extremely reliable source. Coal is also supplied from Richards Bay Coal Terminal, which is shipped to Mombasa every 45 days. However, as a reliable producer located close by, IEC is able to deliver on request," Warrant states.

"We are the only coal producer in Tanzania and service regional demand as well."

PROJECTS

IEC has two projects in Tanzania. Tancoal, its flagship project, which came into production in 2011, and Tanzacoal, which is currently under development.

Tancoal currently has a 423mt resource and a massive potential to increase the resource up to one billion tonnes.

The coal miner is currently producing about 15 - 20 000tpm of coal, but looks to significantly increase this to some 40 - 50 000tpm before year-end. However, logistics remains a key challenge for IEC, which trucks coal 2000km from Tanzania to Uganda.

IEC is currently on track to exceed Stage 1 development of 30 000tpm of coal by financial year 2014 and Stage 2 of supplying coal to power plants by financial year 2016.



The Tanzania-based Tancoal mine.

Tancoal produces high quality thermal coal which has an industrial supplier base, consisting of cement producers, the brewery, factories and

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the tobacco industry. It has a 30-year life of mine.

In addition, IEC, in joint venture with TANESCO, the local power producer, is busy with a feasibility study to develop a 200MW power station. It is anticipated that the \$320m power plant will start generating power by 2016.

Tanzacoal, IEC's second mine - a 100mt thermal coal operation located near Mbeya, is under construction. A first bulk sample has already been sent to an industrial client, says Warrant. "The intention is to develop the mine and be in operation in the next 12 months. By the end of 2014 we will be producing between 150 000 and 200 000t of coal from this operation," he adds. As with Tancoal, IEC has proposed, in the medium term, the development of a power station close to the mine.

IEC's third coal operation is Malcoal, a small mine in Malawi. In January, IEC acquired a mining licence on an existing coal operation, which is 'similar to Tancoal in quality'.

"We are looking to expand the coal resource to be able to support a 120MW power station which will be built at Chilpoka, in Malawi. Initial coal production is 5000tpm, with an upside to produce 15 000tpm and the potential to export into Zambia."

"Malcoal is Malawi's only significant coal operation," Warrant states.

In addition to its coal operations, IEC has its own drilling subsidiary, AAA Drilling, which services East Africa.

AAA Drilling has three drill rigs - two Atlas Copco drill rigs that can drill up to 800m and a Hanjin drill rig able to drill to 2000m. ■

