
Asenjo Energy

Miningmx

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Botswana may trump diamond wealth

Trouble is, Botswana is bang in the middle of the subcontinent, in a country with little infrastructure, a small population, and some distance from either domestic markets or seaports. At present, only about one million tonnes of coal a year is mined in Botswana. But as the coal price soars and energy becomes scarce, that could change.

It certainly will if Asenjo, a 50-50 partnership between Western Australia's Aquila Resources and Jonah Mining, in turn a 50-50 partnership between Sam Jonah's Jonah Capital and Sentula Mining (the former Scharrig Mining), has its way. In Johannesburg this morning, Asenjo unveiled its ambitious plans for the three deposits it holds in Botswana.

Together, these could contain some 6.7 billion tonnes, though again reservations are needed. Asenjo COO Malcolm Campbell is "reasonably confident" that they'll be confirmed, but admits the figure is based on data some of which dates back as far as 1930. Asenjo has in fact just let a drilling contract to Geosearch Botswana for 300-plus boreholes totalling about 30,000 metres of drilling over an area of 2,200 sq km. (Asenjo originally held permits over 4,700 sq km, but had to relinquish half in terms of Botswana legislation.)

While the Dukwe deposit in the north of Botswana is the shallowest of the three, Asenjo is giving priority to Western Mmamabula, which is less than 100km north of Gaborone and reasonably close to the north-south rail line. The deposit contains an estimated 4.1 billion tonnes of Grade A thermal coal at depths of 45m to 300m and seam widths of up to 4.5m.

The timetable envisages initial exploration and modeling to be completed by the end of this year, with a prefeasibility study and listing following by March 2009. By then Asenjo hopes to have established 25% of inferred reserves at all three sites, with another 25% in the indicated category at Mmamabula.

A bankable feasibility study could take another 18-24 months, so it'll be at least four to six years before coal starts to flow through to the market in substantial quantities.

And just what market could that be? Campbell is cagey on the specifics, but there are many possibilities. Mmamabula is virtually equidistant from the Namibian coast and Richards Bay. Several current or projected port expansions and other infrastructure projects could make it attractive to export through Namibia or even Luanda. And there could be local industrial users.

But the big potential should be to fill gaps in subcontinental energy supply. This could take two forms.

One is electricity generation. Mmamabula could well be capable of producing the 4 million to 6 million tonnes/year that would be needed for a 2,500MW-3,000MW power station – and even if that doesn't materialise, it's an indication of the scale on which the partners are thinking.

The other is a coal-to-liquids plant. By mid-year Asenjo hopes to sign a memorandum of understanding with the South African brains behind a new technology being tested in a pilot plant at Golden Nest in China.

Campbell was surprisingly uninformative on whose those brains are, but it takes only seconds on the internet to learn that they're researchers from Wits University's Centre of Material & Process Synthesis, led by professors David Glasser and Dianne Hildebrandt.

Either eventuality is years from fruition and will cost billions, but they do offer hope for light at the end of the tunnel. And where Asenjo leads, will others follow?

Asenjo may have the pick of the deposits, but there's upwards of another 200 billion tonnes out there. Botswana's sitting on a resource that could in time not only replace diamonds as its main source of minerals revenue, but outstrip South Africa's own coal industry.