

Black-owned Scinto clinches R187m coal deal

In a R187m transaction, majority black-owned coal company, Scinta South Africa has acquired South32's Davel mining right.

The Davel Right is estimated to contain more than 400m tons of export and Eskom grade coal, with an anticipated yield in excess of 80%. The Ermelo Mines infrastructure, railway loop and discard dump was included in the deal, which will allow Scinta to produce at a significantly reduced all-in cost of production. The company expects to sustain a life of mine of over 50 years, during which time it is expected to produce at least 5m tons of saleable product per year.



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More than 4m tons of the existing discard dump at Ermelo Mines will be treated by it, with the product delivered to Eskom, which will allow for early positive cash flow from the project.

"The acquisition of the Davel mining right is not only significant for Scinta, but provides positive momentum for the South African mining sector's transformative process," says Scinta chairman, Humphrey Mathe. "This transaction also bodes well for supply of coal to Eskom, which has indicated that its suppliers should be 50% + black owned."

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