

ICVL acquires Rio Tinto's 2.6 Billion Tonnes coal resource in Mozambique

In a landmark acquisition of large coking coal and thermal coal mines and assets overseas by Indian companies, International Coal Ventures Pvt. Ltd. (ICVL) the joint venture of SAIL, CIL, RINL, NMDC & NTPC finalized the takeover of Rio Tinto's operating coal mine and coal assets in Mozambique. These coal mine and assets were acquired by Rio Tinto from Riversdale Mining Ltd. in 2011. Since then, the coal mine at Benga has been brought to production. The mine produces prime hard coking coal and thermal coal. The agreement for acquisition was signed on 28th July in New Delhi by Mr. Ajay Mathur, CEO, ICVL and Mr. George Hartley, Director M&A, Rio Tinto in the presence of Mr. C.S. Verma, Chairman, SAIL & ICVL and other senior functionaries. Investec Bank PLC, London was the financial advisor to ICVL in this acquisition.

The coal resource will become a long term captive source of a critical raw material in steel making in geographical proximity to India. The coal mine and assets are located strategically in the prime coking coal bearing region of the Moatize Coal Basin which is stated to be the second largest coal basin in the world after the Bowen Basin in Australia.

The operating coal mine comes with a state of the art wash plant and surface infrastructure with a potential to expand raw coal production from the current 5 Million tonnes per annum (Mtpa) to 12 Mtpa. There is significant potential for tapping CBM from the acquired coal resources.

At the signing, Chairman, SAIL & ICVL Mr. C.S. Verma said "The Mozambique acquisition by ICVL is a significant and historic development towards assuring long-term coking coal security as Indian steel companies need higher input of raw material to fuel their growth. Mozambique has the geographical advantage of being in proximity of India. This acquisition gives the steel companies under the Ministry of Steel a strong foothold in this sought after coal basin."

The portfolio of assets acquired by ICVL includes Benga (65%) and the Zambeze (100%) and Tete East greenfield coal assets which have substantial resource of coking coal. ICVL, which had been scouting for coal mines and assets since its inception in 2009, has now succeeded with this large acquisition, intended to give long term security of supply of a critical raw material for the steel industry. SAIL and RINL are both increasing their capacity to 23 Mtpa and 6.3 Mtpa respectively. Their requirement of coking coal would increase to a level of about 25 Million tonnes by 2015. Besides, NMDC is in the process of setting up a 3 Mtpa capacity integrated steel plant at Nagarnar in Chhattisgarh.

Mozambique shares good bilateral relations with India and economic cooperation between the two countries is expanding at a fast pace. Indian Government entities such as OVL have recently made significant investments in the Oil & Gas resources in Mozambique.