



Mmamabula Phase One Development Slated For 2007

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CIC Energy, the company that is working on developing a power station in Mmamabula in Botswana said on Friday that it plans to build a power plant with a larger total capacity from what was previously announced.

Initially, the company wanted to develop a six-unit power station with a capacity of 3,600 MW.

However, in its new update, it anticipates building a plant with larger total capacity, but in two equal phases, with each phase comprising three units.

The company revealed that the unit sizing is being increased to between 700 and 820 MW (net capacity) each, with the final unit size to be determined as part of the negotiation of an Engineering, Procurement and Construction (EPC) Contract.

The company previously said it intended developing a six-unit power station of 600 megawatts (MW) (net capacity) per unit. The net capacity of Phase One will be between 2,100 and 2,460 MW.

It has been revealed that the construction of Phase One is scheduled to begin in fourth quarter of 2007, with commercial operations of the first unit expected in the first quarter of 2011 around March or in April 2011. The second and third units are scheduled to come on-line at six-month intervals from this date, with full Phase One production scheduled for mid-2012.

"At full production, a total of approximately 7.5 to 9.0 million tones (Mt) of coal per annum run-of-mine (ROM) will be required to support the Phase One power station. A Bankable Feasibility Study on the mine and Phase One power station is currently underway", the company revealed. Mmamabula, which is located 120 kilometres north of Gaborone comprises the Mmamabula East and Mmamabula South prospecting licenses.

On the other hand, the company revealed that CIC and IPR have reached an understanding in principle regarding the development of the Mmamabula coal mine. Under the agreement, IPR, through a new holding company to be established, will acquire an indirect 50 percent interest in Meepong Resources (Pty) Limited, CIC's Botswana subsidiary which holds the exploration licences for Mmamabula East and South. Final commercial terms are still being negotiated.

Already the company has a binding Heads of Agreement with IPR regarding the development of a first phase power station at Mmamabula. However, definitive agreements between CIC and IPR with respect to both the coal mine and first phase power station are expected to be finalised within the next few weeks.

It is envisaged that the output from the Phase One power station will be sold under a long-term Power Purchase Agreement (PPA), predominantly to Eskom Holdings

Limited (Eskom), South Africa's national electrical utility, with the balance to Botswana Power Corporation, Botswana's national electricity utility. The company also revealed that the mine would be operated on a contract basis and managed by the Mining Team.

Grinaker-LTA, the South African based multi-disciplinary construction and engineering group was selected as the preferred contractor for the Mmamabula coal mine underground operation.

Gregory Kinross, President and CEO of CIC, said "We are very happy to announce the developments relating to the mining operation, the understanding reached with IPR to acquire 50 percent of Meepong Resources, and securing a world class mining team with significant experience in developing and managing major underground mining operations, as well as supplying power stations and other markets. The integration of the coal mine and power station allows us, and our potential off takers and financiers, far greater security of supply not only for Phase One, but also for subsequent phases.

Furthermore, we believe the integration of the mine and Phase One power station should maximise value for CIC shareholders. On behalf of CIC, I would like to take this opportunity to welcome the Mining Team to the Project."

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