

Botswana's Minergy seeks govt bailout after halting coal mining ops

By [Brian Benza](#)

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Minergy has approached Botswana's government for a financial bailout to settle debts owed to a mining contractor, which has brought mining operations at its Masama coal mine to a halt, the company's chief executive officer Morné Du Plessis said on Wednesday, 8 March.



Source: parilovv © [123RF.com](#)

On Tuesday, 7 March, Minergy announced production had ceased at Masama after the mining contractor, Jarcon Open Cast Mining, downed tools due to overdue payments.

Minergy has blamed weakening coal prices for its operational problems, saying it has seen a 33% drop in coal prices since mid-December.

The mine is now in talks with the state-owned Mineral Development Company of Botswana (MDCB) and Botswana Development Corporation (BDC) for funding to pay the contractor, Du Plessis told Reuters.



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No details were provided on the amount Minergy requested

He did not disclose how much cash Minergy is requesting, or how much it owes the contractor, as the company is currently in a closed period.

“Talks are ongoing and we are confident that we will get help from government. Masama is a strategic asset for Botswana in its coal industry aspirations, and we are hoping to turn the situation around as quickly as we can,” Du Plessis said.

With coal miners having limited traditional funding options due to climate change concerns, the two Botswana state agencies have previously provided more than BWP300m (\$22.35m) in funding to bring Masama into production and expand its operations.

Masama has capacity to produce 1.5 million tonnes of coal per year and is the smaller of two coal mines currently in operation in Botswana, the other being the state-owned Morupule Coal Mine, with 4.2 million tonne capacity.

Minergy’s latest annual report

Minergy’s latest annual report shows that as of June 2022, the company owed the mining contractor BWP79m after a debt restructuring exercise. It also owed BDC BWP125m and MDCB some BWP295m.

Strong demand, mostly from Europe due to the fallout from Russia's invasion of Ukraine, drove Minergy’s exports up 53% in the half-year to 31 December, boosting its earnings and helping it to reduce debt.

However, weakening coal prices and logistical challenges it faces when hauling coal from landlocked Botswana to export markets have impacted Minergy's earnings.

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