

UK-listed Contango plans thermal coal exports from Zimbabwe in 2023

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London-listed Contango Holdings plans to start exporting thermal coal early next year from its Zimbabwe mine following requests from customers in Europe and Asia, the company said on Wednesday, 30 November.



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Zimbabwe's neighbour South Africa saw an eight-fold increase in coal exports to Europe during the first half of 2022, after the European Union banned coal imports from Russia as part of sanctions for its invasion of Ukraine.

Coal prices had started rising even before the conflict as some European countries switched away from expensive natural gas to coal, despite global commitments to move away from the polluting mineral.

Contango owns 70% of the Lubu project in western Zimbabwe's coal-rich Hwange district. The company's main focus is supplying its low-sulphur coking coal to the southern African ferro alloy and industrial markets, but it has found current prices of thermal coal - used in electricity generation - attractive.



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'Unsolicited approaches' for thermal coal

The company said it had received "unsolicited approaches" for thermal coal from buyers, ranging from trading houses to industrial consumers, in Africa, Europe and Asia.

"Fuelled by the dramatic rise in thermal coal prices over the past 12 months ... the board are now considering a coking and thermal operation, delivering 10,000 tonnes of coking coal and 10,000 tonnes of thermal coal per month based on current capacity in H1 2023," Contango said in a statement.

Contango, which plans to increase its annual output to 300,000 tonnes by the end of 2023, said it had recently raised £7.5m through a private placement to fund its operations.

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