

Southern Africa Coal Supply Prospectus



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Contents

- Cover Page
- Disclaimer
- Contents
- Introduction
- Legend
- Coal Sources
- Coal Supply Chain
- Namibia Railways
- Hwange Road-Rail Haulage to Walvis Bay
- Morupule Intermodal to Walvis Bay
- Road Haulage to Walvis Bay
- Contact



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Introduction

Ascon Group

- Family owned trading house from Hamburg, Germany with offices in Geneva, Jakarta, Singapore, Hong Kong, Dubai
- Traditionally focused on energy, crude oil, refined petroleum products and by-products
- Diversified into coal with coal assets in Indonesia feeding into local and export market
- Market for 60,000 tonnes per month washed peas in South Africa
- Market for Walvis Bay exports 80,000 tonnes per month

Southern Africa Coal at a Glance

- South Africa is the biggest producer with congested Richards Bay Coal Terminal and Durban as export gateways
- Mozambique emerging as a big player but has capacity constraints at Maputo, Beira and Nacala
- Zimbabwe has high quality +7,200kcal/kg low ash coals
- Botswana still a frontier producer with vast underdeveloped coal resources
- South Africa's coal quality is on a rapid decline

Strategy

- Our strategy is to be nimble traders of Southern African coal where distinctive capabilities and regional models enable us to stretch performance in a sustainable way
- By maintaining financial discipline and continually optimising our portfolio we will deliver sector leading total investor returns and competitive pricing
- As only coal exporter at Walvis Bay there are no allocation constraints.
- Faster vessel transit times and cheaper chartering rates to Europe with no Suez transit compared to Richards Bay Coal Terminal
- Green footprint - biodiesel from pit to offloading port and biomass added to energy portfolio



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Legend



Coal Mine producing Run of Mine (ROM) coal and coal washing



Rail Siding where coal is loaded into wagons



Rail from loading siding to port







Port of Walvis Bay



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Coal Sources

Source	Comments	Specifications	Monthly Production	
	Hwange Colliery Company Limited	Former behemoth in financial precipice but has best calorific value coal	CV: 30.06% Ash: 13.1% FC: 64.8 Sulphur: 1% VM: 21.2%	450,00 tonnes
	Zambezi Gas	Emerging miner	CV: 27.46MJ/kg Ash: 11.4% FC: 32.5% Sulphur: 0.99% VM: 20.1%	60,000 tonnes
	Morupule Colliery	B Grade coal	CV: 26.25MJ/kg Ash: 14.64% FC: 55.38% Sulphur: 0.8% VM: 24.23	150,000 tonnes
	Makomo Resources	Dogged by forex issues to source parts and equipment	CV: 31.3MJ/kg Ash: 9.5% FC: 65.9% Sulphur: 1.3% VM: 23.2%	200,000 tonnes
	Liberation Mining	Ownership wrangle but coal qualities on par with Hwange	CV: 27.5MJ/kg Ash: 12% FC: 52.4% Sulphur: 1.1% VM: 27.5%	40,000 tonnes



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Is the Walvis Bay coal supply chain feasible

Port

- Massive investment in new container terminal and bulk fuel terminal with Biodiesel tank farms
- Shorter sailing times and distance to Europe
 - No allocation issues
- Catchment area up to Waterberg Coalfield

Carbon Tax, Carbon Sinks & Carbon Credits

- Planting biomass reservoirs along Walvis Bay Corridor
- Coal is our legend but biomass is our future
- Ahead of time before promulgation of carbon tax laws regionally
- Tangible carbon sinks for carbon trading

Reverse Logistics

- Walvis Bay Corridor
 - Gypsum
 - Clinker
 - Sulphur
 - Soft Commodities
- Containers for Johannesburg
 - Biodiesel on all fleet & bunkers



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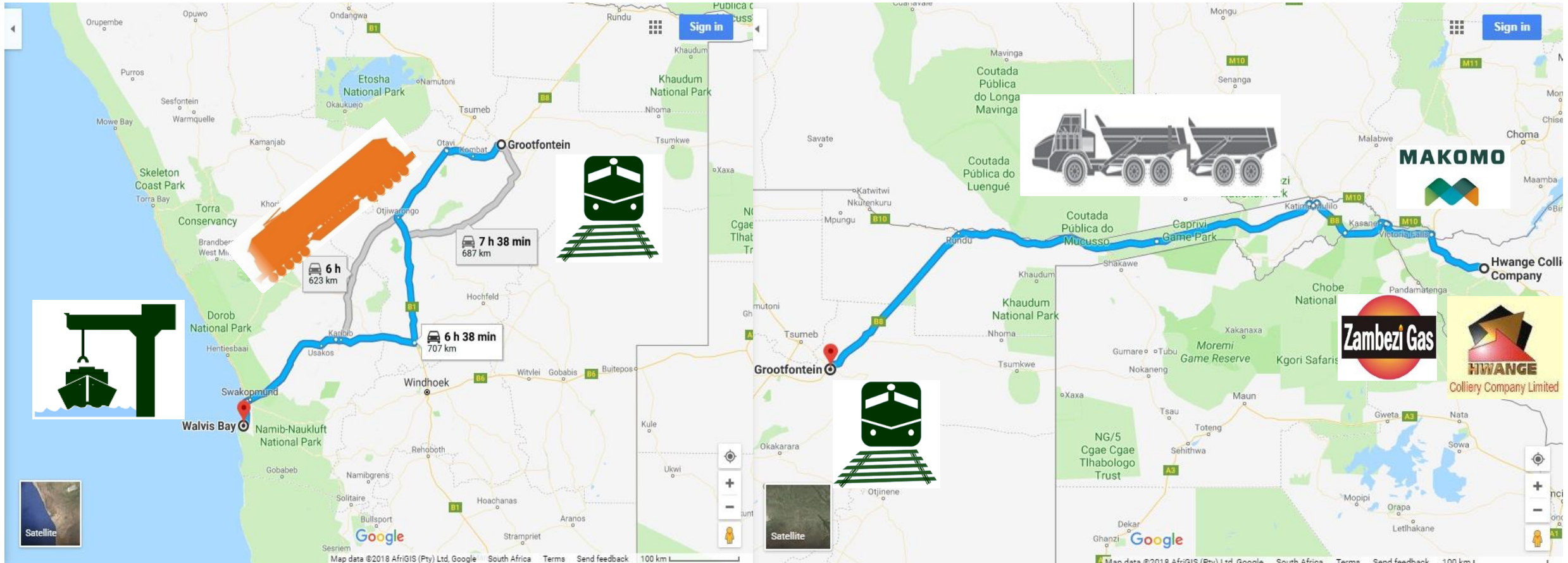
Namibia Railways

- Namibia's rail network consists of 2 382 route-km of tracks of 1 067 mm gauge.
- The main railway line runs north-south from the town of Upington in the north-western Cape, at Nakop.
- A branch line goes to the small Namibian harbour of Lüderitz while the main line continues northwards through the towns of Keetmanshoop and Mariental to Windhoek, 865 km from Nakop.
- A second main line through Usakos and Swakopmund connects the Namibian capital of Windhoek to the country's major port of Walvis Bay.
- Another branch line from Windhoek goes eastward to the livestock town of Gobabis.
- The south west-north east spine from Walvis Bay joins the main line from the south through Windhoek at Kranzberg/Usakos junction & runs north through Otjiwarongo to the mining and farming towns of Outjo, Grootfontein and Tsumeb.
- The non-extension of the railway beyond Outjo, Grootfontein and Tsumeb, the northern terminals, may be an impediment to the agricultural development of the areas of the north and the north-east in the Owambo regions and the Okavango with the highest rainfalls in the country.





Hwange Road-Rail Haulage to Walvis Bay



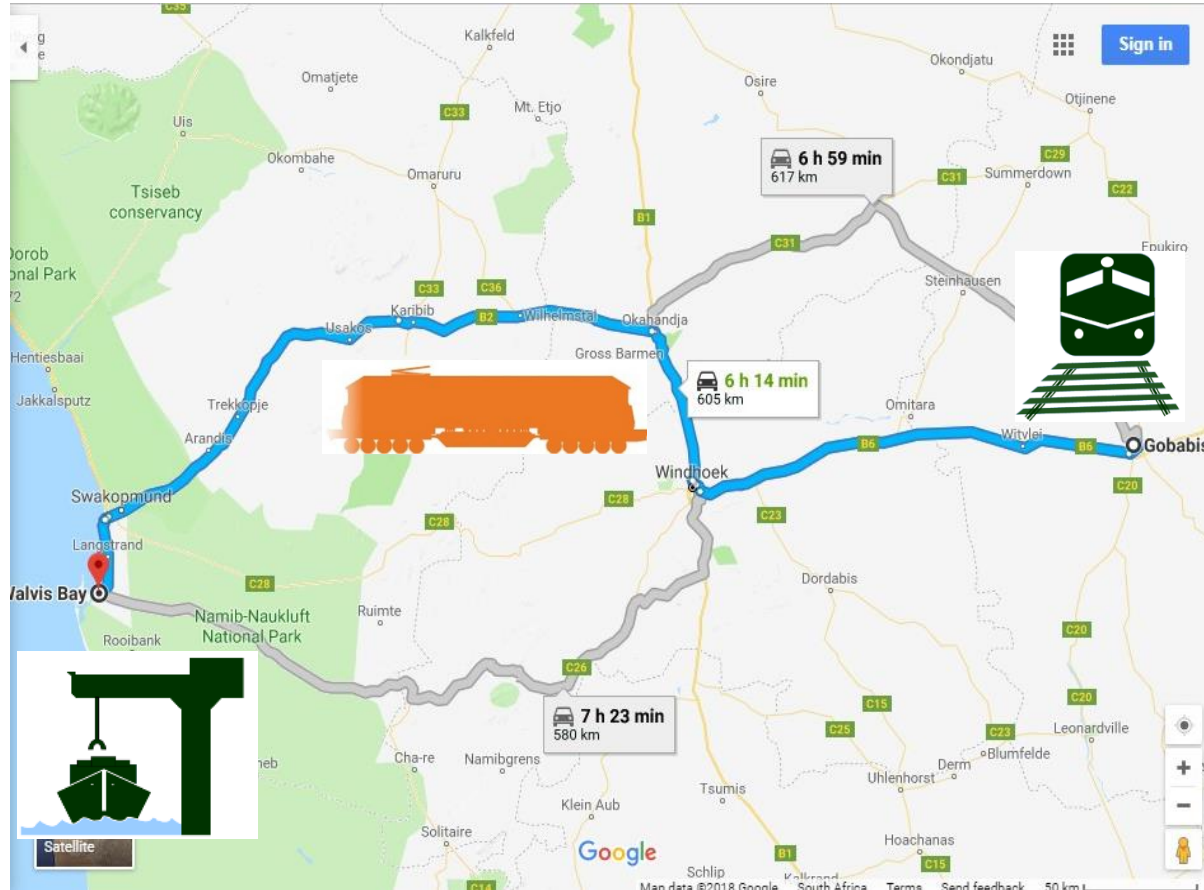
Grootfontein to Walvis Bay 630km via rail

Hwange to Grootfontein 1070km road



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Morupule Intermodal to Walvis Bay



Gobabis to Walvis Bay 605km via rail



Morupule to Gobabis 1184km road



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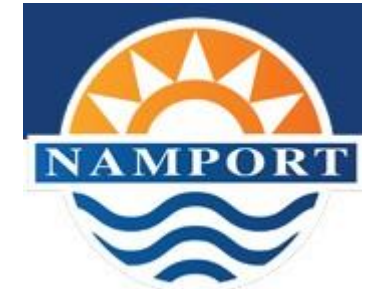
Road Haulage to Walvis Bay - Biodiesel all the way!!



Morupule Coal Mine



MAKOMO



Biodiesel on all plant & equipment at
source mines

Hwange to Walvis Bay 1700km via road
Morupule to Walvis Bay 1800km via road

Biodiesel bunkers at Walvis Bay



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