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Global Steel wins coal mining licence in Mozambique

India's Global Steel has been awarded a coal prospecting licence in Mozambique with proven reserves of 70 million tonnes of coal.

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Mozambique has awarded a \$116 million licence to India's Global Steel Holdings Ltd. (GSHL) to mine for coal in its northern Tete province, a top official said on Tuesday.

Calcutta-based GSHL has been given a five-year coal prospecting license for two blocs in Tete, Fatima Momade, Mozambique's national mining director, told Reuters in an interview.

"(It) is valid for five years, which is renewable should the company wish to continue. But they must start mining after 10 years," she said.

Momade said the company's investment in the blocs amounted to \$116 million, covering an area of 30,000 hectares that has proven reserves of 70 million tonnes of coal.

GSHL currently has steel production totalling 13.8 million tonnes per year in countries such as Bulgaria, Nigeria, the Philippines, Libya and India.

The Mozambican blocs are located close to the mining areas of ArcelorMittal <ISPA.AS>, Tata Steel <TISC.BO> and Vale <VALE5.SA>. Brazilian mining giant Companhia Vale do Rio Doce, CVRD has invested \$1.2 billion to revive coal production in Mozambique's resource-rich Moatize region.

Moatize is estimated to have reserves of between two to three billion tonnes of coal and a potential output of up to 10 million tonnes per year.

The revival project will involve the development of the mine, rehabilitation of the 550 km Sena railway linking Tete to Beira and the construction of a coal-fired power station.
(Reporting by Charles Mangwiro)

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