

# Moatize mine

The **Moatize mine** in Mozambique's coal-rich Tete province is a metallurgical coal mine being developed by [Vale](#) (formerly known as CVRD).

The Moatize mine was officially inaugurated in May 2011, and has an estimated life span of 35 years. In the first phase of the project the company plans to mine 11-million tons of coal a year, of which 8.5-million tons will be metallurgical coal and 2.5-million tons thermal coal.<sup>[1]</sup> It was announced in November 2011 that Vale was going to spend \$6 billion to expand the Moatize mine in the second half of 2014. The investment is aimed at increasing production from 11 million tonnes to 22 million tonnes per year.<sup>[2]</sup>



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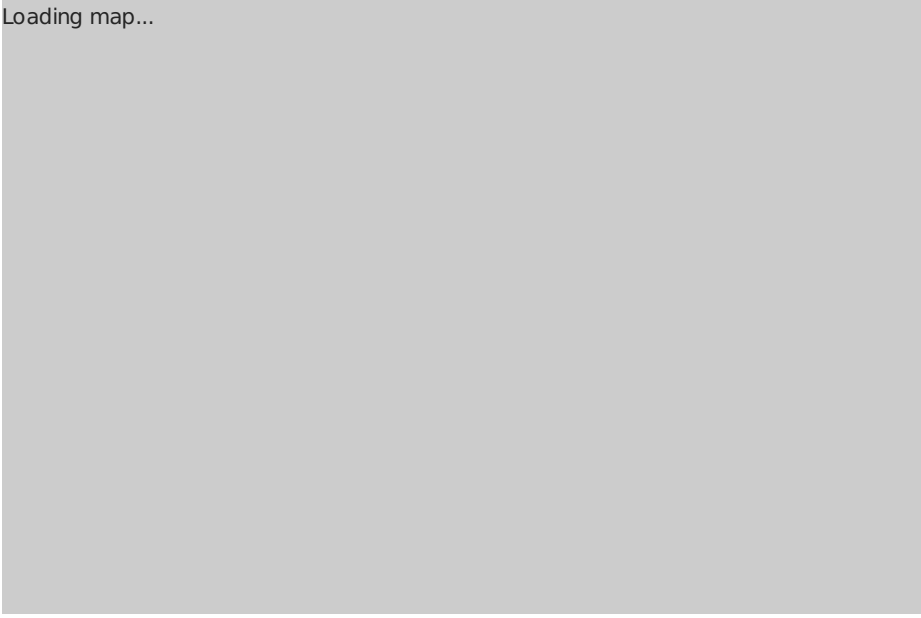
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## Project details

Vale won the tender for exploration rights over the Moatize deposit in November 2004. <sup>[3]</sup>

On its website Vale states that the mine is planned to "produce 11 Mtpa (million tons per annum) of coal per year for the next 35 years – 8.5 Mtpa of metallurgical coal (hard coking coal) and 2.5 Mtpa of thermal coal. Production is due to begin in 2011."<sup>[4]</sup>

The mine's output will be transported [Sena railway](#) to the [Beira coal terminal](#). The company states that the coal export terminal "will be built under a concession from the Mozambican government. One of the largest coal handling and preparation plants (CHPPs) in the world is being built, with the capacity to process 26 Mtpa of coal."<sup>[4]</sup>

In its 2009 annual report, Vale states that it has 1,087 million tonnes of coal resources (both proven and probable) across all its mines and projects. However, of that total, 954 million are in the Moatize mine. The company states that the projected depletion date of the project is 2046.<sup>[5]</sup>

Moatize phase II is scheduled for 2015, and Vale has said it will increase production at the mine to 22 million metric tons annually, including five million tons of thermal coal.<sup>[6]</sup>

In January 2014 [Mitsui](#) of Japan said it had agreed to pay nearly US\$450 million for a 15 per cent stake in Vale's Moatize mine, and invest a further US\$188 million to fund the mine's expansion. Mitsui also agreed to

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pay US\$313 million for a 50 per cent stake in Vale's subsidiary that has been promoting the multi-billion dollar [Nacala port](#) and rail project.<sup>[7]</sup>

## Proposed coal plant

The [Vale Tete Power Station](#) is a proposed 600 megawatt (MW) coal-fired power station by [Vale](#) for the Tete province of Mozambique. Construction was planned to begin in 2013, but the plant was not approved until 2014. Vale said the plant will put part of the Moatize mine's thermal coal reserves to use, generating electricity that will be used for the power grid centered on the Cahora Bassa hydroelectric power plant, also in the Tete province.<sup>[8]</sup>

## May 2011: Coal production begins

In May 2011 it was announced that Brazilian company [Vale](#) began coal production at an open cast mine in Moatize, Mozambique. Mozambique's President Armando Guebuza and Vale Chairman Roger Agnell in early May 2011 detonated the first charge of explosives initiating coal production. President Guebuza declared that the ceremony was the confirmation that "what was previously a dream is now a majestic undertaking in which natural resources are driving the development of Mozambican human resources". Vale invested about US \$2.0 billion in Mozambique as of May 2011, and the company stated that it intended to invest a further US \$4.0 billion over the next five years. Vale expected exports of coal to begin within by July 2011, despite delays in rebuilding the Sena railway line, which links Moatize to the port of Beira. Currently, Vale-Mozambique employs approximately 8,000 workers, more than 85 percent of whom said to be Mozambican. "In the second phase of the project, which is already being developed, we will employ 15,000 workers," said a company spokesman.<sup>[9]</sup>

## August 2011: Coal reaches [Beira port](#)

Brazilian mining titan Vale reported in August 2011 that it delivered its first coal by train from its **Moatize mine** project to the Beira port and expects to export the coal in August 2011. The first train carried 2,200 metric tons of coal from Vale's Moatize coal mine.

Vale is the first of the major mining companies to start producing thermal and metallurgical coal from the Tete basin. The Moatize project will be able to produce up to 11 million tons of coal, 8.5 million tons of which will be metallurgical coal and 2.5 million tons thermal coal.<sup>[10]</sup>

## Vale to spend \$4.4 billion to build terminal at [Nacala port](#) and rail line; Japan also studies terminal funding

In July 2011 it was announced that Brazilian based [Vale](#) began studies on building a coal terminal at [Nacala port](#) in northern Mozambique. The project is expected to cost about \$1.5 billion.<sup>[11]</sup> In 2012, Vale, said that it was planning to spend \$4.4 billion to build the terminal and the 912 km railway line to connect the port with its **Moatize mine**. Separately, Japan has been conducting a feasibility study on improving the capacity and operation of the port. However, as of February 2012 Japan remained undecided on whether to fund the Nacala project.<sup>[12]</sup>

In December 2014, the Vale group sold a stake of almost 15 percent in the **Moatize mine** and 35 percent of the railway and the port of Nacala to Japanese group Mitsui & Co. In June 2015 Vale Mozambique said it will begin exporting coal through the recently constructed [Nacala port](#) in the third quarter of the year.<sup>[13]</sup>

## Possible collaboration with South Korea

On January 30, 2011, South Korean steel group [Posco](#) said it had agreed with Brazilian group [Vale](#) to the joint development of a coal mine in the in Tete province of Mozambique. In a statement, the group said that the coal mine could produce 11 million tons of coal per year, to be used for generating electricity.<sup>[14]</sup> While the news reports didn't specifically mention the mine name, the only mine that Vale is developing is **Moatize mine**. In a later story *Reuters* reported that POSCO denied the earlier report and said that "we don't have any plan to develop a coal mine in Mozambique with Vale and our earlier statement had factually wrong information".<sup>[15]</sup>

## Protests

In April 2013 former landowners displaced by the mining project blocked the entrance to the mine. The *BBC* reported that approximately 5,000 landowners had been displaced by the mine. After more than a year of negotiations with the company and five years after they were displaced in 2008 for the mine, frustrated landowners blocked the entrance to the mine. While the company argued that it had paid those

displaced approximately \$2,000 per person, the landowners argued that they should receive more because of the loss of the community's brick-making industry. "When Vale came to Mozambique the government told us, you will get very rich. That is why we want the company to pay us what it owes us," one of the protesters, Maxwell April, told AFP. <sup>[16]</sup>

## Articles and resources

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