

Coal mining resumes at Benga

Eqstra Holdings will resume its contract mining operations at Rio Tinto's Benga coking coal project in Mozambique on Thursday (7 March) and will be paid compensation after Rio halted mining last month.



JSE-listed Eqstra was told to stop waste and coal mining operations from midnight on February 20 when Rio Tinto declared *force majeure* at the mine because of flood damage to the Sena railway line.

Rio should not have declared *force majeure* at the opencast project and that there were other remedies in the mining contract to suspend mining if transport of coal to the coast was halted, Eqstra chief executive Walter Hill said.

"That railway line has technically nothing to do with our contractual relationship," Hill said. "There's no conflict on it. We've notified them that we don't believe it was a *force majeure* and we've subsequently come to an agreement on how to deal with the problem." He declined to say how much compensation Rio would pay Eqstra for "certain costs" during the two-week period between 20 February and 6 March.

Hill said it would take 24 hours for the mine to be back in full production.

Eqstra has two years remaining of a five-year contract to do waste stripping and coal mining at Benga, with an option to negotiate an extension of the contract.

Hill said. "We have a positive relationship with Rio Tinto and we'll start negotiations well beforehand to establish whether we can extend the life of this contract," he said.