

Diversified investment and mining company Anglo African Capital (AAC) has signed a memorandum of understanding (MoU) with Russian gas company Gazprom to secure the sole distribution rights for Gazprom's underground coal gasification (UCG) technology in sub-Saharan Africa.

Gazprom has also agreed to partner with AAC to develop the underground coal gasification of its coal assets in the Springbok Flats, in Limpopo. Thus, Gazprom will also participate in a prefeasibility study of the project.

AAC explains that it decided in 2014 to pursue more environment-friendly options for the development of its coal assets in the Springbok Flats and started research into the viability of UCG.

"Our desire to drive the greener application of coal in our assets has culminated in this landmark deal with Gazprom," says AAC CEO Heine van Niekerk.

He highlights that having a partner with the stature and influence of Gazprom is a great step forward for AAC and its ambitions to become a regional energy producer.

"We expect that the testing and trialling . . . will take about two years before a prefeasibility study can be drafted. The cost of this testwork at the sites is envisaged at between \$10-million and \$15-million."

Van Niekerk contends that the agreement is in keeping with government's desire to encourage the development of gas-related energy projects and to increase trade among Brazil, Russia, India, China and South Africa, the so-called Brics countries.

The agreement was signed during the thirteenth session of the Joint Inter-Governmental Committee on Trade and Economic Cooperation between Russia and South Africa (ITEC). The event was hosted in Moscow, Russia, in November. South Africa was represented by International Relations and Cooperation Minister Maite Nkoana-Mashabane and Russia by Natural Resources and Environment Minister Sergei Donskoi, both of whom were present at the signing of the MoU.

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