Morupule Colliery Limited, incorporated in 1970, is a wholly owned Debswana Diamond Company subsidiary, and commenced mining in 1973 in Palapye. Initial production was 145,000 tons per annum which has now grown to nearly one million tons of coal per year.

The Colliery’s principal customer is the Morupule Power Station, which was constructed by the Botswana Power Corporation (B.P.C.), to replace the power station in Selebi Phikwe, and produces approximately 28% of the total energy requirements of Botswana. More than half of the mine’s current annual production (600,000 tons) is supplied directly by overland conveyor to the neighbouring Morupule Power Station. Botswana Ash follows in with an off take of 180,000 tpa and BCL in Selebi Phikwe takes 120,000 tpa.

Coal sales totalling 940,086 tons of coal were achieved during 2006 compared to 967,242 tons in 2005. Export sales grew to 77,342 tons (2005: 51,228 tons) largely as a result of further increases in exports of coal to Zimbabwe and Zambia. For the first time, small amounts of coal were also exported to the Democratic Republic of Congo. The operational performance of the Continuous Miner (CM), which was commissioned during 2004, continued to be satisfactory with a record production of 96,592 tons being achieved during March 2006. A second CM is due to be commissioned in 2008.

Raw Coal Properties
CV = 23.0 MJ/kg
Ash = 21.5%
Fixed Carbon = 51%
Volatiles = 23%
Phosphorous = 0.012%
Sulphur = < 1%

The Coal Wash Plant and Expansion Project
The Morupule Board of Directors approved a project to construct and commission a coal wash plant with an order placed during November 2006. The wash plant will increase CV to 25.6 MJ/kg; reduce sulphur and ash content to less than 0.5% and 14% respectively. An estimated USD13.7 million will be spent on the project and commissioning is expected to take place in November 2007. Anticipated tonnages of 25kt/tpa < 72kt/tpa of washed coal will be produced.

Preparations commenced during 2006 for expanding the mine in response to the expansion of the BPC Morupule Power Station where a 600MW station will be commissioned in 2010. A possible second phase will be fed where BPC may expand thereafter by a further 600MW after 2012. Morupule Colliery expects to provide in excess of 2 million tons of coal per annum for each phase of the expansion with an expected total of 8 CM’s running by 2012, using the current mining methods. Nonetheless, studies to identify optimal mining methods are under way.

Safety
The mine had reason to celebrate as the number of minor accidents decreased by over half from 18 in 2005 to 8 in 2006. There was only one reportable accident during October 2006. The mine believes these positive developments were attributable to a continuous campaign around enhanced safety practices. Evidence of this was Morupule Colliery’s performance in the Botswana Inter-mine First Aid Competition in 2006 where the mine took first position.

Another milestone expected to be achieved in the year 2007 is ISO 14001 and OHSAS 18001 accreditation which is nearing completion. Previously the mine adhered to the NOSA five star system and has been a five star mine.

Corporate Social Responsibility and Governance
Community involvement is vital to the success of some of the mine’s activities and regular meetings are held with local community representatives to discuss issues of mutual concern. The Colliery’s Corporate Governance Improvement Programme continued in 2006 and this year as well. The Audit Committee met at appropriate times during the year and a number of internal control reviews were satisfactorily conducted by outside parties and the Group’s internal auditors.

The Colliery continues to be affected by the HIV/AIDS pandemic and efforts are being sustained to encourage employees to undergo voluntary counselling and testing. Employees are also encouraged to register for the Group’s Disease Management Programme in the event that they test positive for HIV and access free medication.

Relationships with organised labour remain constructive with the Botswana Mine Workers Union being consulted on relevant issues. The Mine Negotiating and Consultative Committees met as required during the year and salary negotiations were concluded in record time.

The year 2007 brings numerous undertakings that are preparing the mine for increased activity in international markets. The mine’s activities are a response to the increasing Southern and Central African region energy and coal deficit, and the need to diversify the Botswana economy through secondary coal industries.

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VISION

To feed a power generation and coal beneficiation industrial hub

MISSION

We mine coal for the benefit of our stakeholders and the nation in a sustainable and responsible manner

VALUES

- SHE
- Teamwork
- Value our people
- Performance excellence
- Honesty