



## MEDIA RELEASE

### **Astra sign MOU for thermal coal site in Nigeria**

**Adelaide, Australia – 24 October 2011:** International diversified resources company, Astra Resources (FWB Code: 9AR), has signed a memorandum of understanding (MOU) for a joint venture development of a thermal coalexploration license in Nigeria.

The MOU allows Astra's subsidiary MuiywaPte Ltd to take super-majority ownership of African company Barjalex Nig Ltd, who owns a coal exploration license covering the Manejo and Odele communities in the Ika District of Ankpa Local Government in Kogi State, three kilometres south of Ogboyaga.

This exploration license covers an area of foursquare kilometres, which is expected to be expanded immediately to 12 square kilometres. A Joint Venture agreement is in the process of being drafted with the transaction relieving the full support of the local community.

A mining license is being applied for and logistical infrastructure for local demand and export are close to the site.

Astra CEO Dr Jaydeep Biswas says Nigeria is struggling to meet the growing nation's energy requirements using electrical power, resulting in a renewed focus on alternative energy sources.

"Currently the transmission and distribution of electricity is not adequate for the country, and as Nigeria becomes more industrialized it is predicted to experience more frequent power failures and load-shedding, resulting in economic losses, damaged equipment and the need for expensive stand-by power," Dr Biswas says.

"As Nigeria has major underexplored and underexploited high quality coal resources, the Nigerian government is focusing on developing coal-fired power plants and in turn revitalizing the coal mining industry.

"The coal present in the district and surrounds is low in sulphur and ash, and high in calorific value making it ideal for power generation and export into the international market.

"The Barjalex transaction creates a beach-head for growth in a region which has the potential of 800 million tonnes of thermal coal."

With a population approaching 140 million, statistics indicate that Nigeria can be considered to have between 20 million and 25 million households.

Estimates of the minimum load demand or generating capacity indicate that the 10,000 MW of capacity targeted by the Federal Government of Nigeria is a reasonable reflection of the capacity necessary to satisfy the country's actual needs for electricity supply in the near term, and that as electricity becomes available the demand can grow to over 15,000 MW.



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Dr Biswas says if power becomes available and the population becomes more accustomed to modern conveniences, the “KW per household” factors will increase, further expanding the demand for electrical power.

“Even by conservative measures, the country appears ready to absorb the output from 10,000 MW to 15,000 MW of additional generation capacity during the next 20 to 25 years,” Dr Biswas says.

“In order to meet these needs, approximately 3.2 million tonnes of coal will be required per year for each 1000 MW of capacity.”

Astra Managing Director Silvana De Cianni says reports indicate there are 11 significant coal deposits in Nigeria.

“The large coal reserve that is present in the district and surrounding region can be developed into a highly economical mining venture, with required beneficiation of the coal being minimal. Astra has settled on this Joint Venture after assessing a number of options,” Ms De Cianni says.

“The site can initially be developed using surface mining technologies, however most of the coal will be exploited using highly productive longwall methods.”

Studies on the site suggest coal seam thickness ranging from 1.1 metres to 3.2 metres, with the main coal seam predicted to cover approximately 300 metres.

“International geological and feasibility studies estimate that the total coal deposit in Nigeria is 2.6 billion tonnes, and the sizeable international market for seaborne trade means Nigeria is in the position to become a major player in the international traded coal market to Europe, due to its close proximity,” Ms De Cianni says.

“The major emphasis on local power generation will also create a strong internal demand for coal.”

Astra Resources global portfolio includes gold and copper interests in Southeast Asia, coal mines in Africa, iron ore in India and the Philippines, and the production of the high-strength T-Steel technology in Hungary.

**ENDS**

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