



New Age targets coking coal sales for UK steel

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London, 22 November (Argus) – Australian firm New Age Exploration is banking on the survival of the UK steel industry, as it aims to target the market with coking coal from its Lochinvar mine in southwest Scotland.

Last week the company announced plans to resume development of Lochinvar after it mothballed the mine last year, saying that the recent rise in seaborne coking coal prices has made the project economically feasible again.

The 1.9mn t/yr longwall project's future is based on the assumption that New Age can sell output to UK steelworks, chief executive Gary Fietz said. "Lochinvar is 7km from the west coast main line. The plan is to build a spur and deliver to Port Talbot and Scunthorpe. The balance of the mine's production would be exported to Europe, probably in small vessels," Fietz said.

Lochinvar coal contains 34pc volatile matter and has a projected coke strength after reaction (CSR) of 50. "This positions it as a semi-hard coking coal," Fietz said. He explained that out of the commercial coking coals available on the market today, Lochinvar material is closest to US Hampton Roads high volatile A and B coals in composition. "It has the low ash of High-Vol A but the higher sulphur and lower CSN [coal swelling number] of High-Vol B," he said.

Located near Gretna close to Scotland's border with England, Fietz said that Lochinvar is expected to produce coal that is almost identical in quality to that produced by the Maltby coal mine in south Yorkshire. Maltby was closed by its owner, Hargreaves Services, in 2013.

"Maltby output was sold as coking coal to steelworks at Redcar, Scunthorpe and Port Talbot, as well as to Hargreaves' Monckton metallurgical coke plant," Fietz said.

The 200,000 t/yr Monckton complex shut in 2014, while Thai conglomerate Sahaviriya Steel Industries ceased operations at its 3.6mn t/yr Redcar steel slab plant last year.

But Fietz is optimistic that New Age can sell Lochinvar's coal to the 4.9mn t/yr steelworks in Port Talbot – even though the mill's outlook is uncertain, after its owner, India's Tata Steel, said earlier this year that it wanted to sell it.

Private equity firm Greybull Capital recently acquired New Age's other UK target customer, the 2.8mn t/yr long products steel mill in Scunthorpe, from Tata.

New Age has yet to book any Lochinvar sales and has not said when it expects to start production. The mine has indicated and inferred resources of 111mn t of coking coal, with an additional exploration target of up to 64mn t.

The facility is viable, provided that coking coal prices remain above \$150/t, the company said.

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