

NATURAL RESOURCES

Helium to take centre stage at Renergen as value rockets

Mark Allix
Industrial Writer

AltX-listed energy holding group Renergen says helium production will become core to the group after the value of its helium gas reserves in Virginia in the Free State rose 27% – from R6.6bn to R8.4bn – boosted by rising global oil prices.

This comes after US-based MHA Petroleum Consultants

last week upgraded helium reserves as a component of Renergen's overall methane gas reserves of 269-billion cubic feet to 6.21-billion cubic feet on a discovered commercial basis. Contingent helium reserves are confirmed at about 25-billion cubic feet.

Helium production would begin in the latter part of 2019. At present the gas is 100% imported into SA. "With our concen-

trations we can extract helium on demand," Renergen CEO Stefano Marani said. Compressed natural gas – methane stored at high pressure – can replace petrol, diesel and liquid petroleum gas.

But Renergen's methane reserves have a far higher helium component than the global average, allowing it to be viably exploited. The jump in the value of the group's helium reserves

also means SA will become one of eight countries able to export helium to global markets.

Marani said the company would ramp up helium production to 1.5-million tonnes a year within five years.

It had already signed an off-take agreement for 350kg of helium a day with the global Linde gases group, which owns JSE-listed Afrox. The US sup-

plies about half the world's helium demand, with saleable reserves of about 5-billion cubic feet. It also consumes about 40% of global helium production.

The Renergen helium reserves update comes as South African manufacturing production grew 2.5% year on year to December 2017, up from a 1.8% annual increase to December 2016. This was mainly a result of higher output of food and beverages, metals and machinery,

as well as motor vehicles and other transport equipment.

The upturn is expected to gather moderate momentum throughout 2018, driven by stronger global demand, firmer international commodity prices and a better domestic economy.

Steel and Engineering Industries Federation of Southern Africa chief economist Michael Ade said that while the industry body welcomed the

rebound in metals and engineering, the benefits of a "slight uptick" in production was still not felt by domestic producers due to the prevailing economy.

"It is clear that while the recent political forces of change have the potential to improve [the economy] ... there is still more work to be done in all industrial sectors," he said.

allixm@bdfm.co.za