

Creating opportunities for stakeholders

Reaching a higher tier in coal mining

When the Khanye Colliery team sent me a photograph of the first box cut at the mine, signalling the start of production on 10 December, I felt elated. The reason for my elation? We took the same photograph at Hakhano Colliery about ten years ago, when we commissioned our first operation there. But this time I was not in the photograph, which proves that the passionate Canyon Coal team is able to develop projects on its own steam.



VUSLAT BAYOGLU, EXECUTIVE CHAIRMAN OF CANYON COAL

All of us at Canyon Coal share a great sense of achievement about the Khanye Colliery team moving on site, because this great milestone helps transform our company from a junior coal miner to a mid-tier producer.

The Bronkhorstspuit-based colliery will produce 200 000 tonnes per month and has a long life of 17 years. The second milestone that catapulted us to the next tier in coal mining recently, is our acquisition of the Springfield Project in Vereeniging. This investment increases our reserve base by 300 million tonnes, to 700 million tonnes.

Canyon Coal is clearly continuing its strong growth. The current production of 320 000 tonnes per month from three operations will double output when both Khanye Colliery and ukuFisa mine are in full swing in 2018. We are also planning to bring the second phase of ukuFisa online in 2019, boosting coal production

by another 400 000 tonnes per month and lifting Canyon Coal's production to more than 10 million tonnes per year.

We have built a sustainable company employing a strategy of building a pipeline of projects with the right geologies. The company concentrates on exploring for coal, and has grown organically since our first exploration project, Hakhano Colliery, turned out to be a true gift.

Currently, Canyon Coal is continuing its drilling activities and planning to invest further in South Africa in the future. We believe it is a good environment in which to build a sustainable business. Moreover, we appreciate the fact that the government and the people of South Africa are so accommodating and that it is a free market with the rule of law and freedom of speech.

In future, we are in the market to consider acquiring more projects and operational rights. Should we find the right opportunity, we will grow

both our reserve base and RBCT allocation, which is critical for our success. Of course, we are also interested in greenfields projects and prospecting rights, and look forward to supplying coal to Eskom when the utility is in the market.

Finally, once we reach critical mass, we will consider publicly listing the company. I believe this will present an opportunity for both the company and potential shareholders to benefit, since Canyon Coal has demonstrated that it has a unique way of doing business: we make decisions swiftly after conducting assessments, our mines and projects have the right geology, we have the right markets for our product, and best of all, our costs are competitive. Canyon Coal is fortunate to have passionate people, robust institutional memory and a solid database that captures the workings of the coal business. 🏹



Khanye Colliery to drive **company** and **community growth**

Canyon Coal has developed a major new coal mine in a part of South Africa's Gauteng province not known for mining. In so doing, it is stimulating local economic activity.

The company has been engaged in three years of intensive compliance and preparation, culminating in the opening of Khanye Colliery, a major new coal mine in Bronkhorstspuit.

The mine is expected to ramp up to a monthly production level of 200 000 tonnes over its lifespan of 17 years. This goal is based on the company's meticulous and comprehensive environmental impact plan and extensive consultation with the community about plans for the future.

The mining site was a hive of activity before the crushing of run-of-mine kicked off early this year. Meanwhile, Canyon Coal is building a washing plant that will process the coal for export from September 2018.

Exploration and mine development manager Clifford Hallatt says the project team felt a great

sense of achievement when they made the first box cut at the mine in December last year, since they had thrown their full weight behind the project in recent years.

Canyon Coal went ahead with the development of the colliery after extensive drilling confirmed that the mine would yield a 39 million tonne reserve of high quality coal. In fact, Khanye Colliery has all the elements of a gainful project, because it is located near good rail and road infrastructure, and promises an average production yield of 60% for saleable coal. Its strip ratio is below 2:1.

Canyon Coal acquired the project in June 2013 from a private party and conducted its own exploration before applying for a water licence, environmental approval and mining rights in August 2014. A second phase of exploration

drilling was carried out in 2016, which helped determine the exact location of the body of ore.

"The 100 drilling holes made at the mine indicate that the resource contains mainly high-quality coal ideal for export. The lower quality coal could be supplied to Eskom, if it proves to have the correct characteristics," says Hallatt.

In the run-up to opening the mine, the company's biggest priority was to reassure the local community that the mine would not have a detrimental effect on the environment.

"To this end, we conducted a very detailed environmental impact assessment, including specialist studies in groundwater, surface water, air quality, blasting noise and environmental geochemistry," Hallatt said. "We further ensured that the public consultation process was carried out very thoroughly. As a result, everybody is well aware of what is going on at the mine."

Khanye Colliery is likely to make a positive difference in the lives of the people of Bronkhorstspuit, an area characterized by high levels of poverty. A number of local people are already employed in general jobs onsite, while others are being equipped with mining skills. Local farmers who don't own agricultural land have access to the northern section of the mining property, where they can plant crops and graze their cattle. Furthermore, a local school has been earmarked for infrastructural support. ➤

Kgotso holds his dream in his hand

Kgotso Mongalo, mine manager at Canyon Coal's Singani Colliery in Middelburg, is an inspiration for poor South Africans who have high career and life ambitions, but face big challenges in realising their potential.



KGOTSO MONGALO, MINE MANAGER AT SINGANI COLLIERY

Born the second child and first son to a poor family in Alexandra township in 1971, he completed his schooling in Bochum, Limpopo, after his family had moved to the rural area in 1980. Kgotso had aspired to become a gynecologist, but did not have the means to attend university. And as the eldest son in his family, he was pressed to find a job to help support his siblings.

"So, I did any work I could find, starting with driving taxis in Tembisa, before joining a construction firm and an electrical company," says Kgotso. In 2007, he jumped at the chance to join Canyon Coal as a weighbridge supervisor and gave the job everything he had.

"Once I have something in my hands, I hold onto it with both of them," he says, the passion in his voice unmistakable. He cups his hands: "I will never let it fall."

On the Hakhano Colliery site where he began his mining career with Canyon Coal, he explains that his resolve stems from the fact that he does not have a tertiary education and therefore wants

to make the most of what career opportunities come his way.

Kgotso received his first promotion in the company when he became mine supervisor at Hakhano in 2009. This served as a great incentive and heralded a period of intensive growth. He completed ten short courses in mining-related activities over his five years in the job role. Canyon Coal supported him all the way.

"I was dead set on becoming a mine manager from the day I became supervisor," he says. "I asked the company to send me on courses and, as Canyon Coal expanded, it sent me for training in blasting, mining, safety, stockpile management and so on."

The big opportunity to put his new skills to the test came in 2011, when Kgotso stepped into the position of acting mine manager at Hakhano, after a colleague went on compassionate leave. His good performance in this job paved the way for his appointment as mine manager of Singani Colliery in 2014.

"The promotion to mine manager came at the

right time, because I wanted to test my abilities at this point to find out whether I could do the job. I am happy to say that I've never looked back."

Kgotso has risen through the ranks because of his eagerness to learn and the company's commitment to investing in its staff as it grows. Smiling warmly, he says he had seen the company's potential to develop from the outset and decided to stay with it for this reason.

"I witnessed how Canyon Coal made the transition from buying and selling coal to operating coalmines and realised that this company was only going to continue growing. I wanted to grow with it," he adds.

Testament to Kgotso's success is Singani Colliery's reaching a new monthly mining record of 146 820 tonnes in November last year. "When we started mining at Singani, the team produced 90 000 tonnes per month. Then we lifted production to 120 000 and again to 135 000 tonnes. Now we've achieved a new high of 150 000 tonnes. This was possible only through teamwork."

He stands on the edge of the colliery's open pit and explains that his onsite success is the result of the egalitarian management style he learned while growing up in Bochum's Indermark village.

"This was a place where people respected one another and held each other accountable." My approach to leading my team is by sitting down with people and helping them resolve any of their challenges in their native tongue. This is how I earn their respect."

Not only has Canyon Coal helped Kgotso forge a rewarding and fulfilling career in mining, it has also made his family prosper, with the family's living standards having improved beyond expectation.

Executive chairman Vuolat Bayoglu visited Singani when the mine reached its new production record and asked Kgotso whether he was ready to step into the position of general manager.

"I was too shy to respond at the time, but in my mind's eye I do see myself as GM. My objective is to become a general manager for the company within the next seven years." 🏹

Bettercoal bolsters Canyon's sustainable practices

Canyon Coal is among a few coal miners in the world to be endorsed by Bettercoal as a credible supplier of thermal coal.



The global, not-for-profit initiative established by a group of major European utilities, has verified that the company operates its coal mines in a responsible manner, paving the way for Canyon Coal to increase its supply of high quality coal to power utilities around the world.

The Bettercoal endorsement follows a 2015 self assessment against prescribed environmental, ethical and social principles and a site assessment by the organisation in 2016. Bettercoal did not only confirm that the company successfully implemented its principles, but also facilitated the drafting of a continuous improvement plan for its mines.

The continuous improvement plan includes putting environmental and health and safety policies and procedures in writing, the formalisation of policies on



GIVING POWER TO DELMAS COMMUNITY

Canyon Coal has supplied nine homes accommodating 25 families next to its Phalandwa Colliery in Delmas with electricity. The R200 000 project, which equipped each house with a 20Amp supply line, is part of the company's commitment to contribute to improving the lives of the communities surrounding its operations. William Mabena, whose family has lived in a simple structure next to the mine since 1977, said they were grateful to be connected to the mine's electricity grid as it makes life simpler. "I feel better. We are going to get a fridge, washing machine, television, everything." Putting his hand on his heart, he added: "We are happy because the mine understands us." Phalandwa general manager Alan Mabbet said the project clearly had a tremendous impact on the lives of the people living next door to the mine and goes a long way to build a good relationship with the Delmas community and local forums. Canyon group executive chairman Vuslat Bayoglu commented: "Wherever we run operations, we take the aspirations of communities into account. That's one of the ways in which we contribute to transformation."

social and anti-corruption issues and good documentation management. In essence, it provides a framework for the company to continue operating and growing in a sustainable manner.

Canyon Coal project manager Liza Janse van Vuuren says the company's acceptance as a member of Bettercoal demonstrates that Canyon Coal implements sustainable business practices.

To this end, the company operates on a closed water system, which does not release any dirty run-off water but re-uses water in processing plants. It sources its workforce locally to provide communities around mines with jobs and invests in the development of its employees. In addition, the mines maintain good relationships with local community leaders and stakeholders, such as farmers, through effective communication and support.

Canyon Coal's participation in the Bettercoal initiative has recently given the company the opportunity to visit coal mines in the Netherlands and Germany where it observed how operating mines have almost no effect on the environment and maintain excellent community relationships.

"This has served as an excellent learning curve in realising our customers' vision of protecting the environment, respecting the rights of people and contributing to the livelihoods of workers and communities," asserts Janse van Vuuren. ➤