



COAL of AFRICA LIMITED

MAKHADO MAIL

CREATING SUSTAINABLE **VALUE** THROUGH **MINING** FOR ALL STAKEHOLDERS



CoAL

CELEBRATES

MANDELA DAY WITH COMMUNITIES

ISSUE 01 SEPTEMBER 2015

INSIDE: MEET CoAL's CEO AND BURSARY GRADUATES • EMPOWERING OUR COMMUNITIES



CONTENTS

>> IN THIS ISSUE

CONTRIBUTERS

Editor: Florence Duval

Designer: Stephen Jeffery

Proof reading and editing: Eamonn Ryan

Local content developer: Mpfariseni Musekwa

Photography: Stephen Jeffery, Rent Minds

Printer: Remata Inyati



BURSARY

7 - 9 September 2015

Bursary Roadshow to various schools

SOCIO ECONOMIC ASSESSMENTS

14 -19 September 2015

14 September Mamvuka

15 September Tanga Project

Office – Open for registration for ALL communities

16 September Manyii

17 September Makushu/ Musholombi

18 September Pfumembe

19 September Fripp

Communities – Registration will take place at Tanga

For any queries, please contact

Mr Rackson Khangala on 082 045 4983

SME OPEN DAY

CoAL's inaugural SME Open Day. All current and potential SME's to register and attend workshops

28 November 2015

Venue to be confirmed

CoAL's Calendar

OUR FIRST ISSUE



EDITOR FLORENCE DUVAL

Welcome to the launch issue of our newsletter for the Makhado Project!

WORDS BY FLORENCE DUVAL PHOTO BY STEPHEN JEFFERY

It is with great pride and excitement that we celebrate this publication, the aim of which is to keep you, our stakeholders, fully informed of everything happening on the Makhado Project. We encourage you to participate in all our community upliftment initiatives. This newsletter is the result of the efforts of many people, both at our head office and our team on the ground.

The granting of the New Order Mining Right in May 2015 catalysed our community-centred approach, enabling us to launch many initiatives to develop and grow our communities.

In this issue you will meet our CEO, Mr David Brown, whose collaborative leadership style and commitment to community development and transformation serves as an inspiration to all of us who work at CoAL. We will also introduce our two bursary graduates, Elewani and

Nangani, who share their joy and offer valuable tips for students who similarly aspire to qualify for a Makhado Project bursary.

We will produce this newsletter quarterly, and welcome your active participation and comments. Please share with us your suggestions as to how we can improve it, and especially let us know if there is a story you would like us to cover – or even write one yourself! Send your suggestions to editor@coalofafrica.com. 

Happy reading

Florence

**Florence Duval
Editor**

A POSITIVE TOUCH

One of the most exciting aspects of CoAL's Makhado Project is its involvement with the seven local communities: Mudimeli, Kuvule, Mulambwane, Pfumembe, Musekwa, Makushu and Musholombi

WORDS BY EAMONN RYAN PHOTO BY STEPHEN JEFFERY

Coal of Africa Limited (CoAL) CEO David Brown is possibly the most qualified South African for the job, having previously been involved in the establishment of Impala Platinum's historic black economic empowerment (BEE) transaction in 2007 between the Royal Bafokeng Nation (RBN) and Impala Platinum Holdings Limited (Implats), a deal which saw the RBN become Implats' single largest shareholder. Mr Brown became CEO of Implats in 2006. Mr Brown is a man with a vision for mining

in South Africa, a vision which embraces not just shareholders but all stakeholders and especially the six communities which in the future will find their lives uplifted to a considerable degree as coal mining operations get under way.

Just as his legacy when he retired from Implats was the RBN deal, Mr Brown says he wants his legacy, once he finally retires from CoAL, to be the existence of a local and sustainable coal champion with a significant broad based BEE stake. "Our vision at CoAL is to bring into existence in South Africa a homespun coal mining company, and believe we can play that role. In addition, if by that stage the mining industry has not transformed, then we cannot say we have succeeded. We have to have an industry that is more representative," he said.

Such a domestic champion would better enable coal to be consistently provided to Eskom's coal-fired power stations, as well as hard coke to steel producers.

There remain some steps before the Makhado Project will go live, but with his experience as financial director and

What comes next?

Mr Brown outlines the next steps necessary to get the Makhado Project into production (and with it jobs for the local community, bursaries for local scholars and investment in upgrading the local communities):

1. Before we can start with construction, the first step we have to do is to comply with all regulations. There are surface access rights and water rights that we are still in the process of acquiring.
2. We have to continue dialogue with the local communities (of which this newsletter is one part) so as to make sure they fully understand what opportunities there will be; so they can identify where they can become involved; and so they can make sure they're ready when those opportunities are finally available to be taken.
3. To fully communicate to local communities the value system of CoAL, which essentially is one based on fairness and transparency. While our activities will collectively impact on all the communities, individually they will not touch everybody to the same degree: some will experience a heavy touch (as in gaining employment or some service contract) and others will feel a lighter touch, seeing improvements in infrastructure and amenities in their communities. The communities themselves must get together to make some important decisions as to how this impact will benefit them.
4. Only once mining operations are fully under way, possibly in about 2½ years' time, will the Makhado Colliery Community Development Trust begin to really feel the impact of cash flows into it.
5. In the meantime, based on our values, it is our objective to work with the traditional leaders of the communities in a respectful manner, to keep them involved and informed.
6. To build on those relationships and develop a culture of trust by being seen to always do what we say we will do.
7. We are currently working to identify funding partners, firstly to provide the funding for the 20% stake of our BEE partner, the Makhado Trust, and secondly to identify a strategic investment partner for the Makhado Project. We already have a strategic partner (Beijing Energy, a Chinese company) at company level, but want one for this particular project.

then CEO of the world's second biggest platinum miner, Implats, Mr Brown is well qualified to see this project get under way. Throughout his career he has performed a wide range of roles starting in accounting (he is a chartered accountant, educated at the University of Cape Town and qualified in 1988 at top-four audit firm EY) before gaining invaluable overseas experience in London for USA based resources firm Exxon-Mobil. He has been consistently in the mining sector since 1999, where his first accomplishment was helping to resolve the issue of the RBN in a fresh and mutually beneficial manner, in what was then still a fledgling democratic nation.

"This was one of the first instances in South Africa of a recognition that there are different stakeholders, and the basis for the alignment of various stakeholder interests that has since become the norm in South Africa," said Mr Brown. "This was also an important part of my personal development, as was being part of the growth of a company (Implats) from a single site to multiple sites. I was able to bring a unique perspective to the management of the business, not having been a traditional miner and therefore not having the emotional baggage that others did."

A key feature of the 2007 transaction, in terms of which RBN exchanged royalty rights for shares in Implats, was the creation of the Impala Bafokeng Trust (IBT). The primary purpose of the IBT was to augment the established corporate social investment commitments of the RBN and Implats with financial contributions each year over a 10-year period between 2007 and 2016.

Mr Brown consequently has both experience and expertise at managing community-based start-up projects, whether it be negotiating with communities and local stakeholders such as farmers, or with bankers, shareholders and the media. He retired from Implats three years ago.

Following some unwise decisions made under the founding management, Mr Brown was called in to help CoAL firstly as non-executive chairman and ultimately was appointed CEO with the mandate to assess the strategy of the company (to clarify that strategy and determine whether it was at all viable) and to assess the quality of the assets acquired, as well resolving many legal issues.

He set about cutting the cost burden of the company, as two of its three operations were making a loss, and also addressing the issue of the quality of the coal assets. So successful has he been in reducing the cost struc-

ture and bringing on board a new strategic shareholder (Beijing Haohua Energy) with an important injection of new capital, that the disposal of some coal mine assets are not as critical to process as they had been – a considerable advantage given now is not a good time to be selling such assets as the coal price is low.

"As part of this five-point turnaround strategy we unfortunately had to retrench staff, and while this was a very tough choice to make, it was also necessary. Vele and Mooiplaats have been put on a 'care and maintenance' basis, and this has significantly reduced the company losing money. Four non-core assets were sold off, and finally we also raised some more equity (US\$65 million) from shareholders.

The company is not producing any coal at the moment – which is just as well at current coal prices – and Mr Brown's attention has shifted to starting the next big project, Makhado. It is anticipated that by the time it comes on stream, the coal price should have recovered.

"This project will deliver significant benefits to the local communities. In the construction ramp-up to mining operations, no revenue will be generated but there will be about 2,000 construction jobs, and we will try and source as many of those jobs as possible from local communities. We are in the process at the moment of performing a skills audit to establish what local skills exist and what training needs to be done. The mine will settle down with about 1,100 jobs once operations are under way, and the same process will apply with employing locals. We therefore urge local residents to prepare themselves as far as possible to be eligible for such opportunities.

"We are already assisting this process by introducing a bursary scheme to ensure we have a future pool of talent from the area, and we have high aspirations for other projects. However, we must caution that not everybody in the area can be employed by the mine, though there will also be a 'multiplier effect'. Individuals should start looking at what services are already available, and if not available then partnering with each other to ensure we can find such services locally," said Mr Brown.

These services in turn will have need of local business services, such as tax, accounting, business advice and mentorship, and all the host of services that become necessary in a modern economy.

"Ultimately, we want to positively impact as many people as possible – in big and small ways."





UNDERSTANDING OUR COMMUNITIES

During July, we conducted surveys in each of the communities to enable us to better understand our communities, their needs and the potential impacts (both positive and negative).

We have completed 1 244 questionnaires, more than 30% of the total number required for our communities. The second round of surveys will be conducted during September.

Our vision is to build and maintain lasting relationships with our stakeholders, through a shared value approach. We ensure that the stakeholder management process is part of all elements of the Makhado Project, so that stakeholders are included in the process, and are empowered with relevant information.

We engage in a manner that is respectful, transparent, inclusive and empowering.



COLLABORATING WITH OUR COMMUNITIES

After we have completed the surveys, we will implement our Training and Development programme. This will equip and enable our communities to access employment opportunities in the project.

OUR COMMITMENT

- We will train approximately 1000 community members over a 24 month period.
- For the first time, the CoAL Bursary Fund is extended to the Makhado Project, and will offer 10 bursaries to students in the project area.
- Approximately 60% of the jobs will be sourced from our communities.



GROWING OUR COMMUNITIES

click to see

CoAL launched its Community Centred Sustainable Value Model to all stakeholders on 18 July 2015. This model defines the process of CoAL's engagement with communities to ensure that the benefits of mining are maximised for all stakeholders.

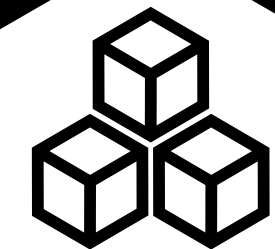
click to see

We are designing an Enterprise and Supplier Development Programme to create a pipeline of community based entrepreneurs and suppliers.

In November we will host our first open day for Small, Medium and Micro Enterprise (SMME) registration.



EMPOWERING OUR COMMUNITIES



EMPOWERING OUR COMMUNITIES

We have identified sustainable projects which aim to uplift our communities:

- CoAL's Mentorship Programme - in January 2016, the CoAL team will begin mentoring the bursary students through life skills training, coaching and networking.
- Within our first 5 year Social and Labour Plan (SLP):
 - The upgrade of the community water supply.
 - The upgrade to the Makushu Road.

Our ultimate goal is to uplift our communities and transform their lives and environment both economically and socially. We will partner with the Makhado Municipality and other structures to deliver on the goals of the National Development Plan.



TRANSFORMING OUR COMMUNITIES



MEC SEKOATI WATCHES CROWDS STREAMING IN



OBED SHARES HIS STORY



DAVID BROWN TAKING PICTURE OF PACKED HALL



MAYOR GIVING CLOSING REMARKS

CoAL

CELEBRATES

MANDELA DAY WITH COMMUNITIES

WORDS BY FLORENCE DUVAL PHOTO BY RENT MINDS

Saturday, 18th July 2015 was a special day. All over the world the legacy of our beloved Tata Nelson Mandela was to be celebrated and honoured. It was no different in Dzanani, Limpopo at the Makhado College of Education. The day dawned bright and beautiful, with the sun shining in the sky, a fitting day to pay tribute to Madiba.

Fifteen buses descended on the college bringing more than 1 000 community members from all the villages touched by the Makhado Project: Musekwa, Mudimeli, Kuvule, Mulambwane, Pfumembe, Makushu and Musholombi.

Everyone present was eager to hear the latest news and status of the Makhado Project, and anxiously awaited the start of proceedings. Programme director Councillor Frank Chililo lost no time in calling the meeting to order. Guests were warmly welcomed by the Acting Mayor, Councillor Dzwelo Ratshikuni, speaking on behalf of the Honourable Mayor, Councillor David Mutavhatshindi. She encouraged all stakeholders to participate in and support the project, to enable and facilitate the upliftment of the communities concerned.

A highlight of the day came when Mr Obed Ramohala, a second year accounting student at the University of Limpopo, spoke of his experience as a recipient of CoAL's Bursary Fund. A call from Ms Zandile Khumalo, project manager for CoAL's Bursary Fund, just after he had received his Grade 12 results changed his life. He had been awarded a bursary by CoAL to continue his studies! Dressed in black, red and white, CoAL's colours, Obed shared his joy in an emotional speech: "CoAL paid for everything, my books, my tuition, my accommodation. Everything! I don't have to worry about anything except my studies. I am so grateful to them."

Chief Musekwa, Chairman of the Makhado Colliery Chiefs' Forum, shared his pleasure that as Africans, the life and legacy of the great statesman, Mr Mandela, could be celebrated. He said the role of traditional leaders was to ensure that their people benefitted from all the opportunities the mine had to offer: employment, procurement and investment opportunities.

Mr Lovemore Tshivhula delivered a royal address on behalf of His Majesty, King Vho T.P. Mphephu Ramabulana, to express the King's support for CoAL and the Makhado Project. He urged the communities to actively participate in the project and support their traditional leaders so that they and their children could reap the benefits of mining.

CoAL Chief Executive Officer, Mr David Brown, was introduced by Mr Baldwin Khosa. Mr Brown launched CoAL's Sustainable Value Model, which will train and develop 1 000 community members to ensure that at least 60% of the 2 000 jobs to be created during the 24-month construction process will be available to the communities. He delighted the audience by taking a photograph of the packed hall at the end of his speech.

The keynote address was then delivered in a mixture of Venda and English by the Member of the Executive Council (MEC) of the Limpopo Department of Economic Development, Environment and Tourism, Mr Charles Sekoati. He applauded CoAL for engaging the affected communities in the spirit and legacy of Mr Mandela, whose vision it was to create equal opportunities for all.

The Mayor of the Makhado Municipality arrived just before the closure of the event and expressed support for the project on behalf of the Municipality.



LISTENING ATTENTIVELY TO SPEECHES



A CONTEMPLATIVE GUEST



MARTIN, READY TO WELCOME GUESTS



ELELWANI RANNGU

CoAL INVESTS IN COMMUNITIES THROUGH EDUCATION

ZANDILE KHUMALO



CoAL's investment in its Bursary Fund is part of its provincial and local campaign to reduce inequality

WORDS BY FLORENCE DUVAL PHOTO BY RENT MINES & STEPHEN JEFFERY

We are pleased to announce that CoAL's Bursary Fund has been extended to the Makhado Project, which was granted New Order Mining Rights in May 2015. This means that students from the communities surrounding the Makhado Project are eligible to benefit from this Fund.

The Fund was first launched in July 2009 to address the critical skills shortage in the Vhembe District Municipality. Its purpose is aligned with government's Vision 2030 of the National Development Plan, which has the goal of developing an education system in South Africa that will enable its people to better fulfil their potential. This will assist people to earn better salaries, and perform better at work. Education and training are key to eliminating poverty. CoAL's investment in its Bursary Fund is therefore part of its provincial and local campaign to reduce inequality in the areas in which CoAL operates.

More than 30 students have so far graduated in various fields:

- Mining Engineering
- Metallurgical Engineering
- Chemical Engineering
- Geology
- Finance
- Environmental Sciences

For instance, one of the Bursary graduates is Mr Elelwani Ranngu (25) who graduated with a B. Tech in Metallurgical Engineering from the University of Johannesburg (UJ). Elelwani was born in Mudimeli and attended Mudimeli Secondary School, matriculating in 2008 at Nngweni

NANGANI MUGODO



Secondary School (Biaba). Raised by a single parent who was no longer employed by the time Elelwani matriculated, without assistance he would have been unable to study further.


He was overwhelmed to learn that CoAL had awarded him a bursary! An emotional Elelwani shares his experience as a recipient of the funds: "They made UJ my comfortable home away from home. They made sure I got everything I needed and they paid for everything: the tuition, residence fees, meals and the books I needed. While I was studying, CoAL kept in touch, calling to ask if I was settling in and coping with my studies. They are such a blessing to our communities."

Another Bursary graduate is Ms Nangani Mugodo, who qualified in 2013 with a B.Sc (Chemical Engineering) degree from the University of Cape Town. After graduation, Nangani was accepted into Engen's Graduate Programme as a Health, Safety, Environment and Quality (HSEQ) trainee adviser. In February 2015, she switched to banking, joining Nedbank's card division as a Risk Analyst.

Nangani reflects on her experience with the Bursary: "It was a lovely experience. The students' needs always came first – I had tutors when I needed them, and all the extra resources I needed to make sure not only that I passed, but passed well and graduated."

Her word of advice to students: "Ask questions. Communicate. Be confident."

The Fund is managed by Ms Zandile Khumalo who, together with a team from CoAL, will be visiting various schools to present the Bursary Fund, and to identify potential candidates.

If you are interested and require further information, please email bursary@coalofafrica.com. 

Elelwani offers some advice to grade 11 and 12 learners: "Work hard every day. Strive to do exceptionally well so that you can qualify to get a bursary from CoAL. If you want to change your life, you must go to university. We can all reach our dreams, but it requires discipline, dedication and hard work. "I would like to thank CoAL for all they have done for me, and last but not least, I would like to thank God for the opportunities He has granted me," he says.

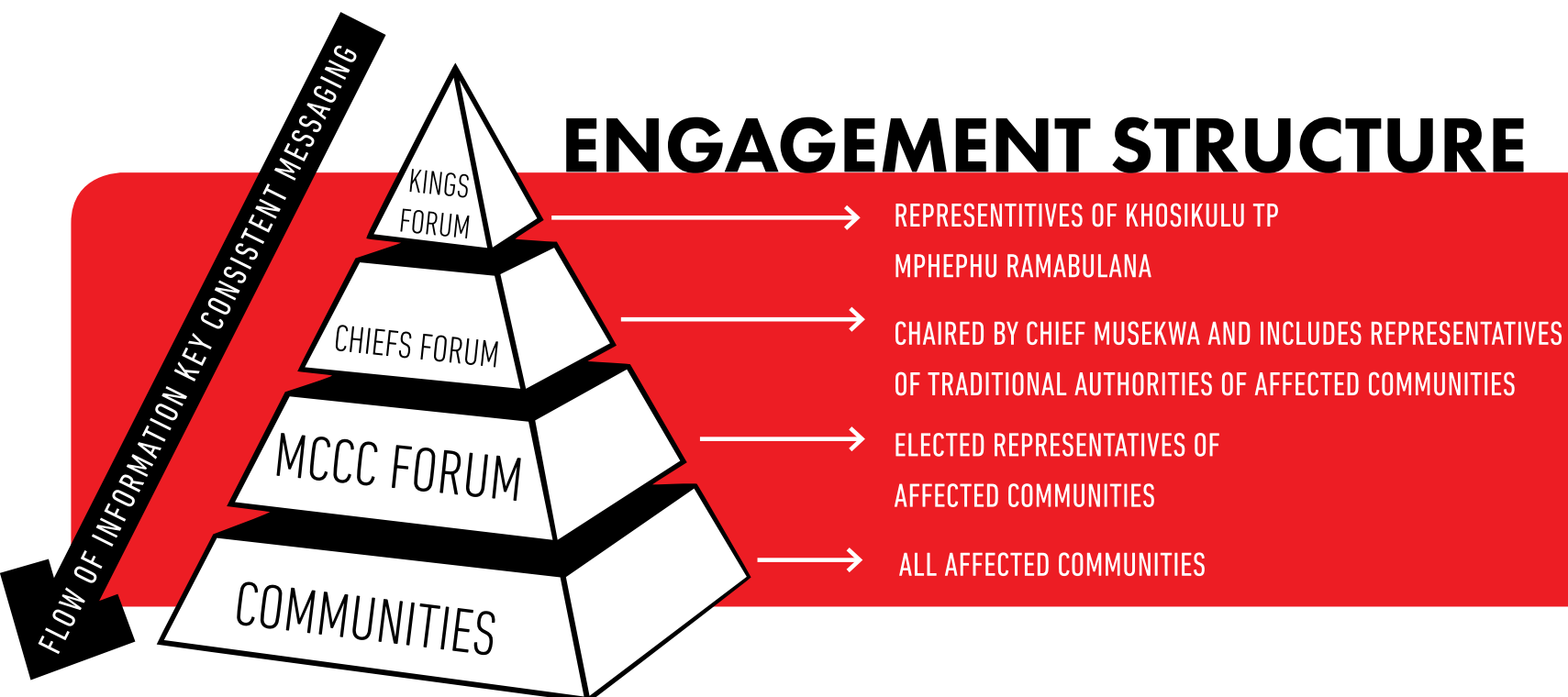
Elelwani has been appointed tutor at Mamvuka Secondary School. He is inspiring the grade 12 learners to dedicate all their time and energy to their studies so that they too can reach their full potential.

CoAL'S ENGAGEMENT APPROACH

At CoAL we aim to establish and maintain inclusive and mutually beneficial relationships with all our stakeholders. We recognise that our relationships with our stakeholders are tangible, valuable assets which are critical to the success of our business and operations. We engage with our stakeholders in a transparent, regular and inclusive manner.

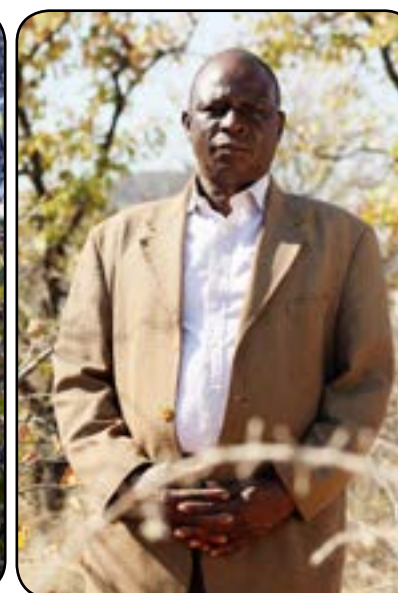
The stakeholder management function is managed by the Corporate Affairs department, and we apply considerable time, financial and human resources to ensure that we create opportunities for mutual benefit, to build social cohesion and social capital within communities.

ENGAGEMENT STRUCTURE



CHIEFS' FORUM

The Chiefs' Forum, chaired by Chief Nethambeleni Hendrik Musekwa, of the Musekwa Community, was established as the vehicle through which CoAL would engage with the traditional leadership of the affected communities. Other members of the Forum include the traditional leaders of the Pfumembe, Makushu, Musholombi and Mulambwane Communities. Chief Musekwa shared his views on the manner on which CoAL is engaging the traditional leadership and communities, "We are being treated with respect, and CoAL is co-operating very well with us. We are excited about the project and the change that it will bring our communities."



MAKHADO COLLIERY COMMUNITY CONSULTATIVE FORUM (MCCCCF)

The MCCCCF is comprised of community representatives who were elected onto the Forum to engage with CoAL on behalf of the communities. The Forum, which represents all seven communities, ensures that there is proper consultation between communities and CoAL. Chairman of the MCCCCF, Dr Nkhebeleni Phaswana, says: "There will always be challenges as we walk along this journey together with CoAL. As the MCCCCF, we have worked very hard and will continue to work to ensure that communities derive maximum benefit from the project. We have negotiated a 20% stake in the project for the communities, and continue to discuss how communities can benefit through employment, procurement and other opportunities."

Mr Simon Mafukaduvha, secretary to the Forum, is excited about the achievements of the Forum. "We are confident that the Makhado Project will start very soon, and we look forward to implementing the plans we have devised with CoAL to ensure that our communities benefit from job and procurement opportunities."

For any community related issues, please contact Mr Mafukaduvha on tsmafukas@gmail.com.

DR PHASWANA



FORUM EXCO



SIMON MAFUKADUVHA



COMMUNITY ENGAGEMENT



Mr Rackson Khangala is our Community Liaison Officer. He has been with CoAL since 2009, and is based at the Tanga Engagement Centre. He lives at Ha-Mudimeli Village, and is passionate about the Makhado Project. "We are looking forward to the project's commencement, and are excited about the opportunities for our people."

Please contact Rackson for any queries on CoAL's calendar and for further information on the Makhado Project:

Cell: 082 045 4983, E-mail: Rackson.Khangala@coalofafrica.com.



BREAKING NEWS

CoAL WILL BE OPENING A PROJECT OFFICE FROM 8 SEPTEMBER AT THE TANGA ENGAGEMENT CENTRE. THE OFFICE WILL BE OPEN EVERY TUESDAY FROM 8AM TO 4PM.

FREQUENTLY ASKED QUESTIONS



1. When will the Makhado Colliery open?

In order for a mine to commence, three licences are required:

- New Order Mining Right (received in May 2015)
- Environmental Authorisation (received in August 2013)
- Integrated Water Use Licence – awaiting licence

The project will commence once all the regulatory approvals are in place and the funding has been raised. We expect to commence construction in the latter part of 2016.

2. When will the training start?

Once all the surveys and assessments have been completed, we will analyse the data and then develop a training programme. The training will commence in January 2016.

3. Will you be paying people while you train them?

We will be spending a significant amount of money to develop and implement the training programmes, therefore we will not be paying those whom we train.

5. If I have not participated in the household survey, can I still participate in the training?

The information gathered from the household surveys will be to:

- Design the frameworks for training and procurement programmes
- Identify potential candidates for recruitment
- Identify potential companies for procurement opportunities

If you have not participated in the survey, your name will not be on the database, therefore you will not be able to access opportunities.

6. I am from a community within the project area, but I live in Johannesburg. Can I participate in the survey?

Yes. Please check the CoAL Calendar to see when we will be in your area.



Coal of Africa Limited (CoAL)
South Block, Summercon Office Park
Cnr Rockery Lane and Sunset Avenue, Lonehill, 2191
Tel: +27 10 003 8000 | DL: +27 10 003 8020

info@coalofafrica.com

www.coalofafrica.com