

# THERMAL COAL

July Ndlovu, CEO

Bulks Seminar & Site Visit: Brisbane, 12 November 2019



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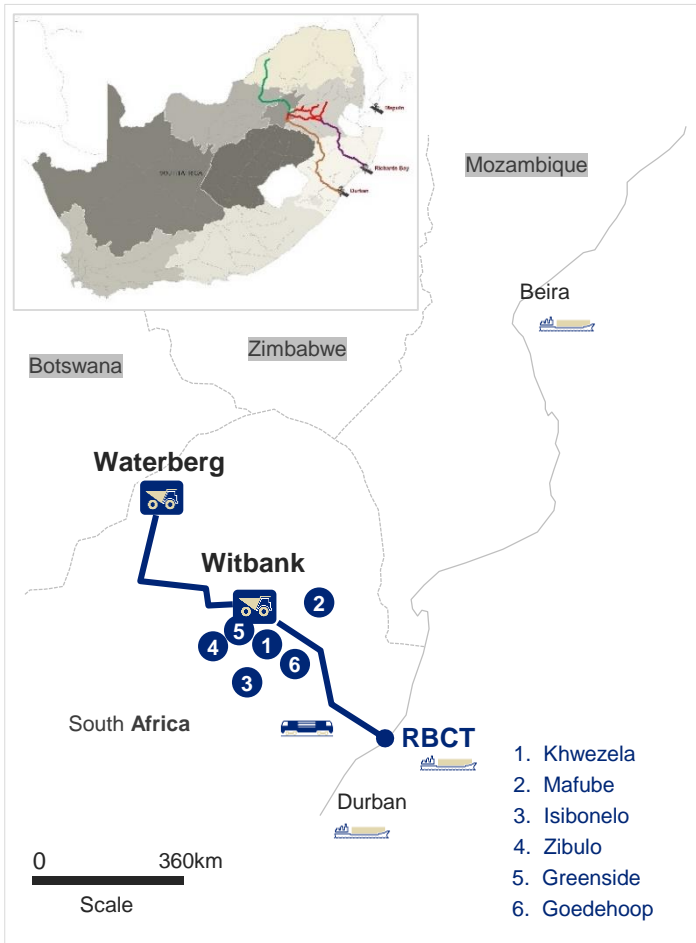
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# A FOCUSED EXPORT BUSINESS

## Location of operating assets



## Opencast mining



**Khwezela** (100% share)

**Mafube** (50% share)

**Isibonelo** (100% share)

## Underground mining



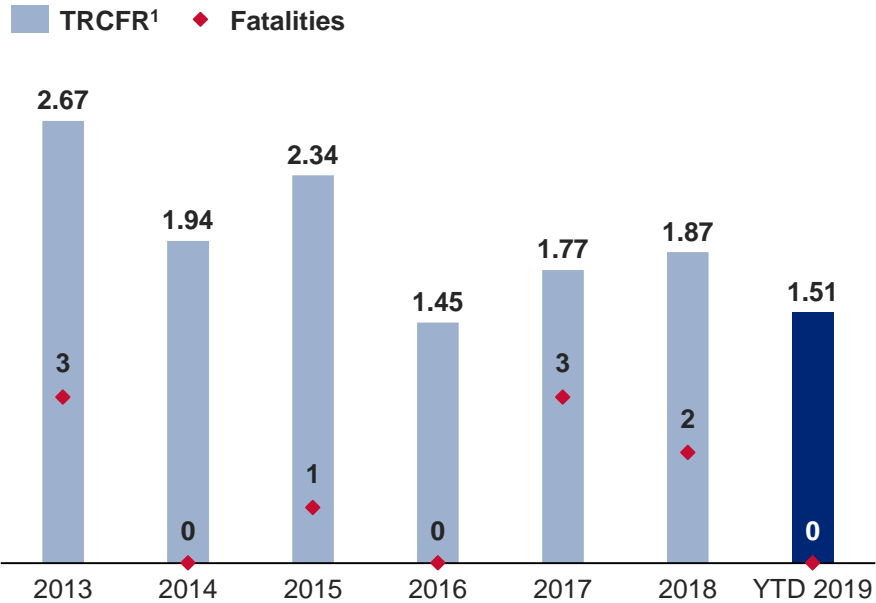
**Zibulo** (73% share)

**Greenside** (100% share)

**Goedehoop** (100% share)

# SAFETY IS OUR PRIMARY VALUE

## Performance



Elimination of Fatalities Taskforce

Sharing of learnings key to reducing high potential incidents

Operating Model delivering safer outcomes through planned work

## Elimination of Fatalities



## Focus areas

Getting the basics right

Integrated safety & risk management into Operating Model

Leadership development driving culture change

# KEY MESSAGES

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**Continued focus on delivering equipment efficiencies**



**A responsible transition from thermal coal**



# AN INTEGRATED EXPORT BUSINESS

## Mining



### Export operations

2 Open pit mines

3 Underground mines

### Domestic operation

1 Open pit mine (Sasol)

## Processing



### Coal handling and processing facilities

9 Wash plants

~35Mtpa plant capacity

## Export



### Richards Bay Coal Terminal

~19Mtpa rail capacity

Average energy content  
5,500 kcal/kg

# MINING EQUIPMENT EFFICIENCY: THE KEY FOCUS IN THE VALUE CHAIN

## Mining



Focused on optimal use of installed capacity

## Processing



Improved efficiencies across continuous miners, draglines, truck & shovel fleets

## Export

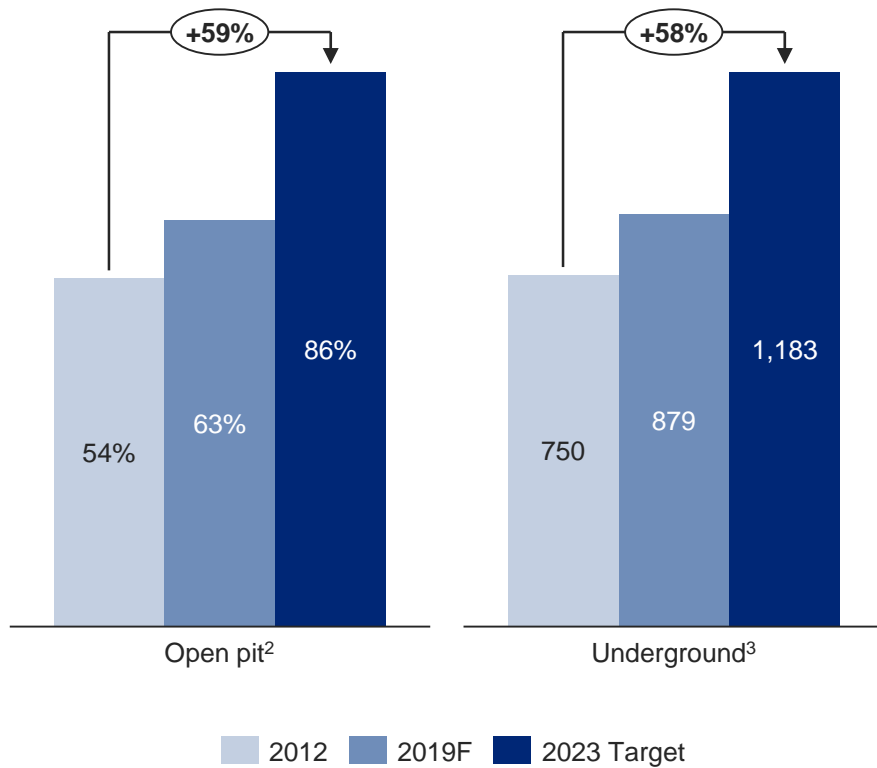


5 out of the top 10 South African continuous miners

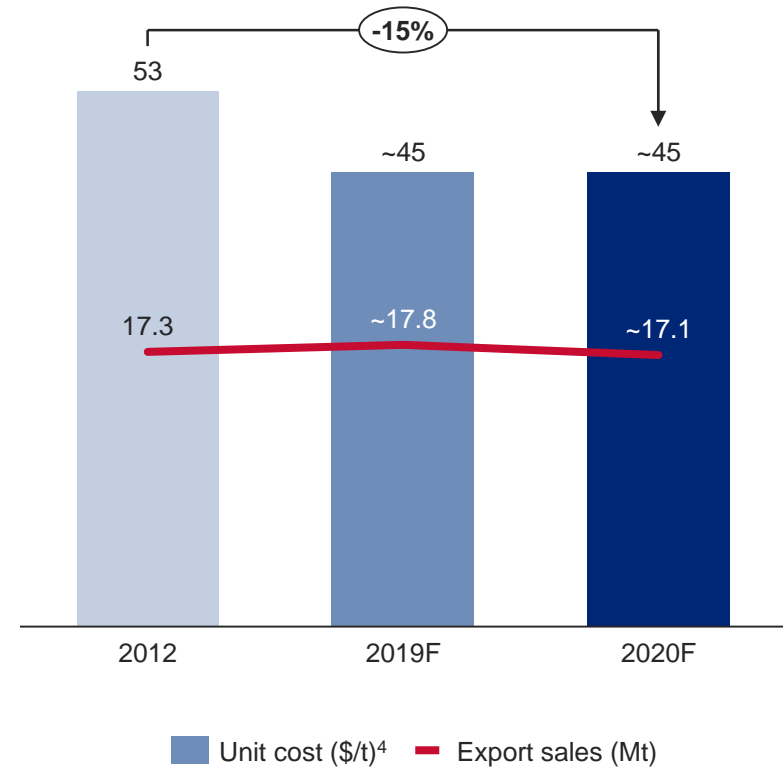
 = c.10% cost base

# DRIVING EFFICIENCY IMPROVEMENTS

## Productivity improvement

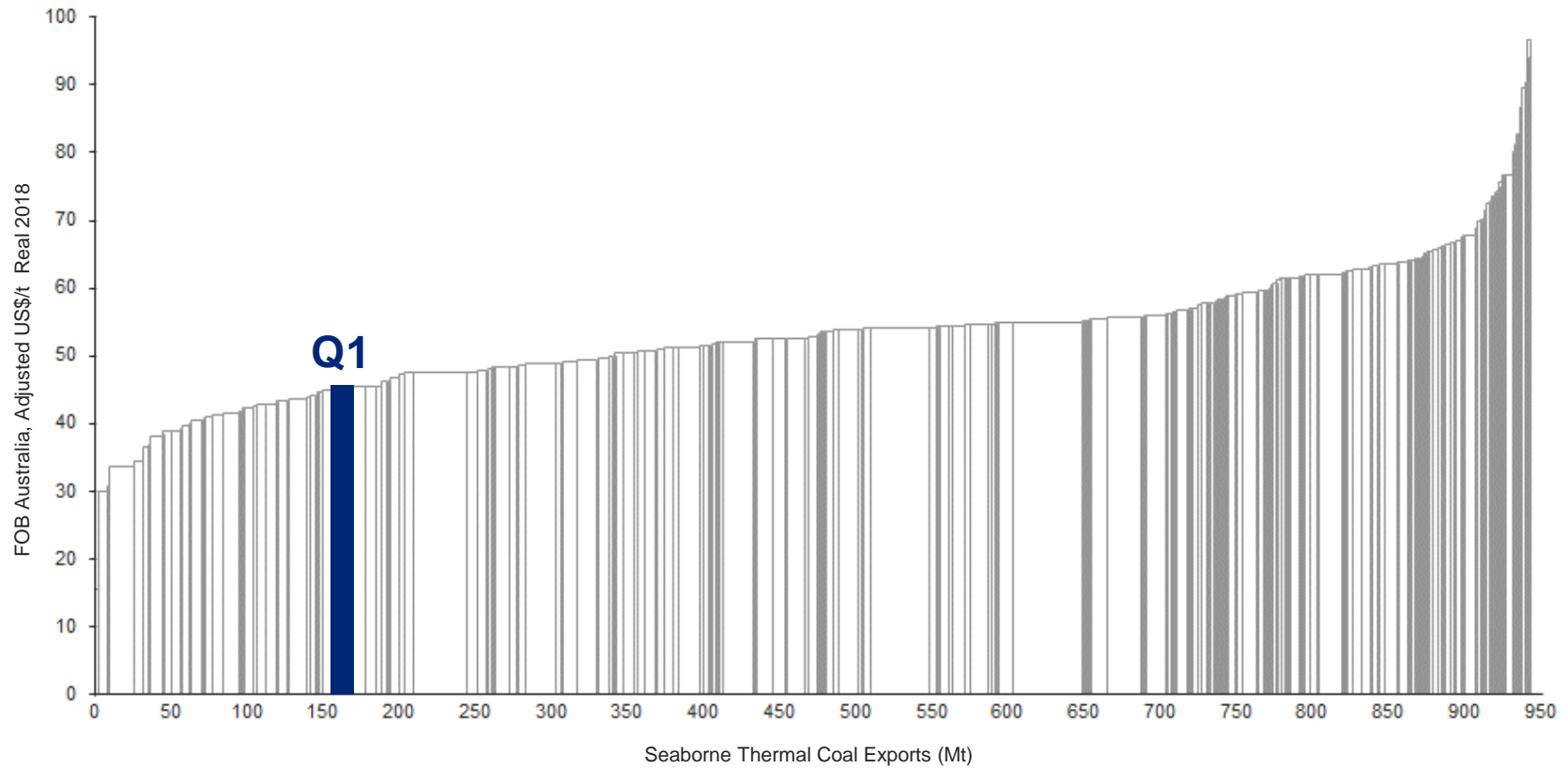


## FOB unit cost – export<sup>4</sup>



# COMPETITIVE COST CURVE POSITION

Will continue to take out high cost production, ensuring our Q1 position



2018 seaborne cost curve, adjusted for quality, excluding China Inland (Wood Mackenzie)

# KHWEZELA LIFEX

Navigation pit<sup>5</sup>

ROCE

**~55%**

Payback

**~3 years**

Production

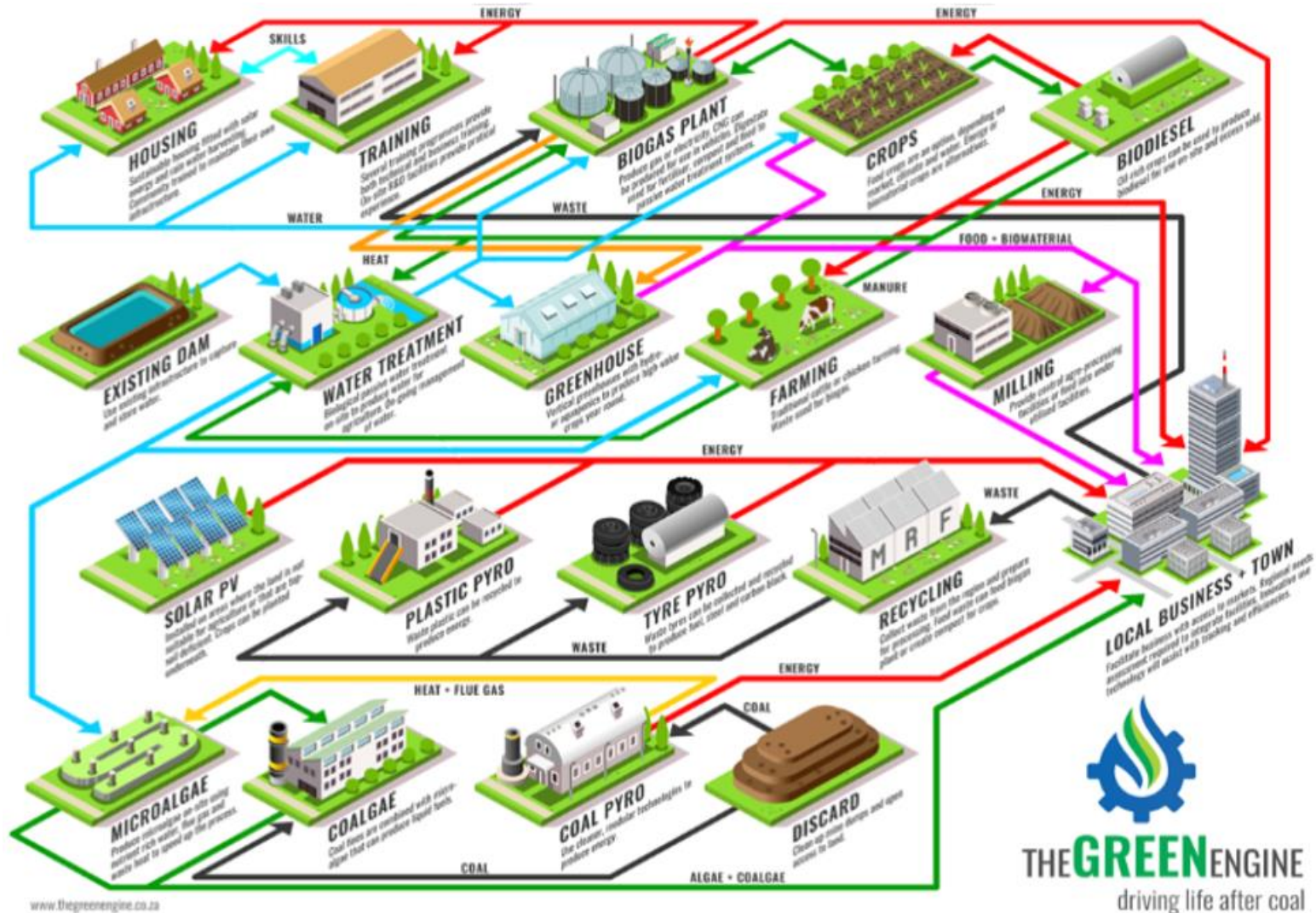
**5.5Mtpa**

Ramped-up

**2020 July**



# FUNDAMENTAL SHIFT: “BUSINESS AS USUAL” TO “SUSTAINABLE MINING”



# GREEN ENGINE INITIATIVES

## Case study 1: Crops

### Irrigation trial at Mafube Colliery

Collaborative effort with the regulator and communities to use mine water to irrigate crops and address water scarcity and food security



Improved crop yields

Water provision to farmers in water-stressed area

Community involvement post-closure



## Case study 2: Solar PV

### Installing solar PV in top-soil deficit areas

Collaborative initiative with Department of Energy, Eskom and communities to provide energy into the grid and manage water run-off for agriculture



100-150 MW solar PV generation

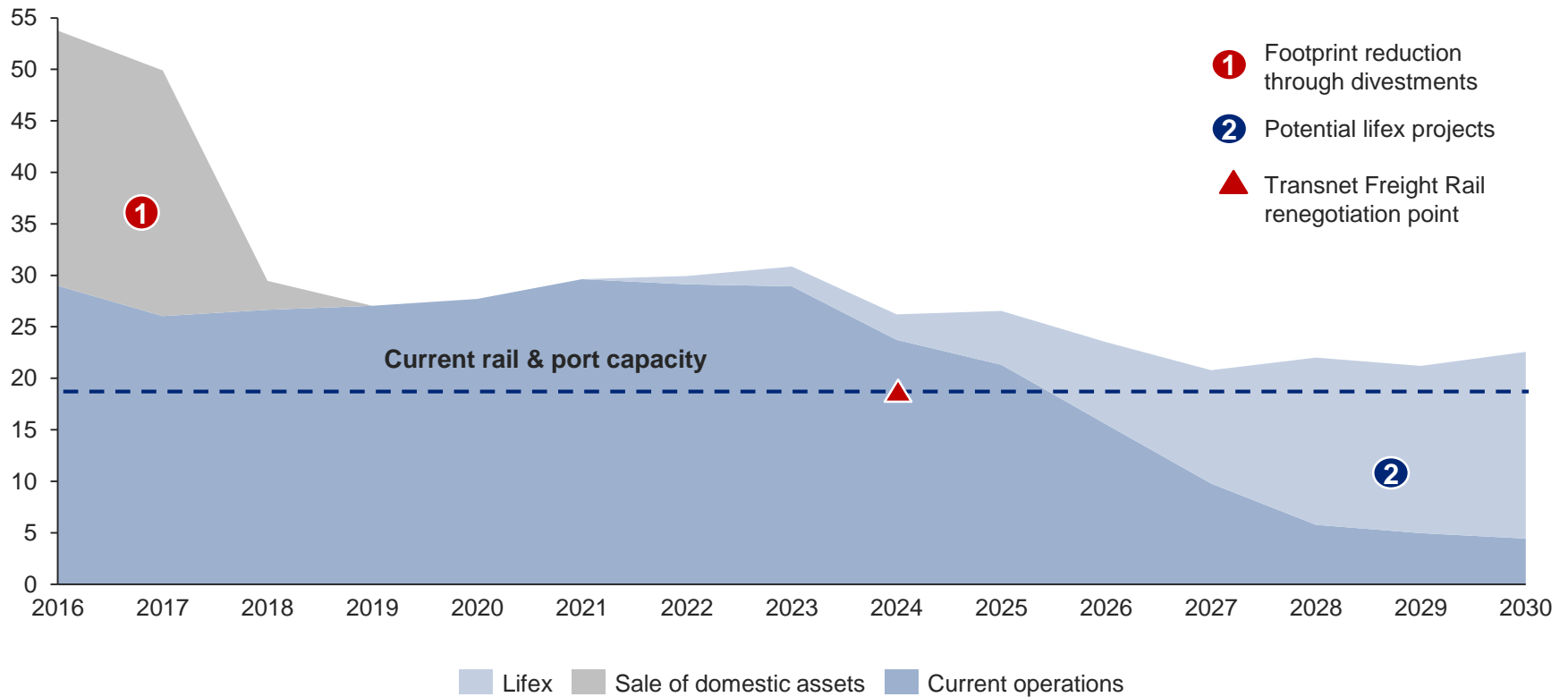
Area sealed with polymer

Capture of water run-off for other uses

# A RESPONSIBLE TRANSITION

Over the past 5 years, we have reduced our thermal coal production by half

Production Profile (Mtpa)



# FOOTNOTES

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1. Total Recordable Cases Frequency Rate per million hours.
2. Open pit: Prime earth moving equipment operating equipment efficiency from Isibonelo, Khwezela and Mafube.
3. Underground: Continuous Miner average annual rate (ktpa) per CM for the top 6 (Zibulo).
4. Unit costs relates to trade mines only, exclude royalties and depreciation and include direct support only.
5. Based on the Investment Proposal, at the time of approval. Updated valuation with spot prices: NPV 11.5% of \$87M and 4 year payback.