

LATEST DEVELOPMENTS AT THE OPTIMUM COAL MINE

BRIEFING TO THE PORTFOLIO COMMITTEE ON MINERAL RESOURCES AND ENERGY

23 June 2020; Held Virtually



mineral resources & energy

Department: Mineral Resources &
Energy
REPUBLIC OF SOUTH AFRICA

Presentation Outline

Background

Optimum Social Labour Plan (SLP)

✓ **Kwazamokuhle Community Healthcare Centre**

Environmental Management Programme (EMPr)

Conclusion

Background

- Glencore and Ingwe Coal Corporation group of mines, which later became BHP Billiton (BECSA) transferred their assets in terms of Section 11 of the MPRDA to Optimum Coal.
- The assets included Optimum Coal Mine, Brakfontein Mine, Koornfontein Mine and Idwala.
- Optimum Coal Mine was acquired by Tegeta Exploration & Resources (Pty) Ltd through a sale transaction with Glencore in 2016 and a Section 11 consent was approved authorizing Glencore to transfer Optimum to Tegeta in April 2016.

Background....Cont.

- Optimum Coal Mine held various coal Mining Rights which are 264, 265, 266 and 267 and they were later consolidated into one Mining Right (267MR) which was issued for the period of 20 years from 05 June 2008 to 04 June 2028;
- When Tegeta acquired the operation, they had to resume the Environmental Management Programme (EMPr), Mine Economics (ME) and Social and Labour Plan (SLP) commitments.
- Optimum was placed under business rescue and the Region was notified on 01 March 2018;

Optimum Social Labour Plan (SLP)

- Optimum Coal Mine had an SLP which was approved as part of the Mining Right issued from 05 June 2008 to 04 June 2028.
- SLP guidelines provide for SLPs to be reviewed every 5 years from date of issuance of the Mining Right. The Optimum Coal Mine mining right cycles are as follows:
 - Optimum SLP cycle 1 (2008-2012) implemented successfully by the then MR Holder (Glencore);
 - SLP cycle 2 (2013-2017) was approved, however not implemented to the latter by Tegeta;
 - SLP cycle 3 (2018-2022) is long overdue and has not been submitted by the company.

Optimum SLP ...Cont.

- An audit inspection was conducted in February 2018 on SLP cycle 2 (2013-2017) and the company reported 550 permanent employees and 1 938 contractors.
- The main areas of non-compliance were the incomplete LED Projects and backlog on the implementation of HRD programmes.
- An Order in terms of Section 93 was issued instructing the company to submit an implementation plan addressing the noncompliance within 60 days ending May 2018 and such plan was to the DMR and never implemented.

Optimum SLP ...Cont

- Subsequent to that all employees were placed on special leave in December 2018 to April 2019 and employment contracts were terminated;
- In May 2019 the company was then placed under care and maintenance;
- The company re-commenced mining operation in November 2019 and currently employs around 80 contract employees who are mining a mini-pit;
- It is predicted that more than 120 ex-employees will be recalled by August 2020 to mine addition two mini-pits;
- There were delays on the construction of Kwazamokuhle community healthcare centre, and company was issued with a Section 93 Order for non-compliance. The project has been completed and handed over in June 2019.

Kwazamokuhle Community Healthcare Centre

Welcome to - Kwazamokuhle Clinic
PRIMARY HEALTH CARE

OPERATIONAL TIMES/IZIKHATHI ZOKUSEBENZA

MONDAY - FRIDAY	8 HOURS	MOBILULUKO - NGOLWESILAKU
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AMBULANCE/FIRE: CALL 10177
I-AMBULANCE/MLILO: FONELA 10177
POLICE: 086 10111
AMAPHOYISA: FONELA 086 10111

SAFETY AND SECURITY NOTICE
ISIQWAYISO NGEZOKUPHEPHA

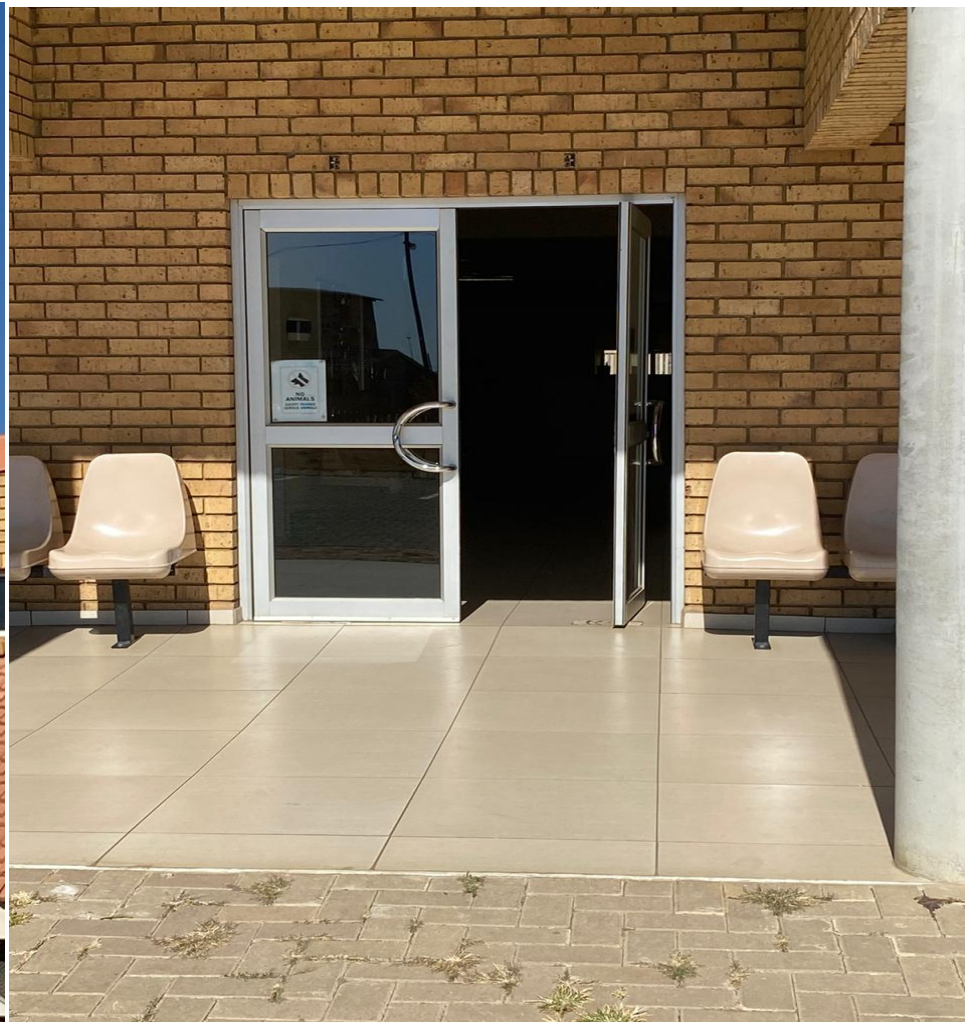
- The right to enter this clinic is reserved.
- No firearms allowed.
- You are entering these premises at your own risk.
- All visitors must report to reception.
- Visitors may be subjected to a search by Security.
- The clinic is a drug and alcohol free zone.
- The clinic is a smoke free zone, use designated area outside the premises of facility.
- The clinic is a sharp object and gun free zone.
- Visitors will be prohibited.
- No animals are allowed, except service animals.
- No littering.

PRIMARY HEALTH CARE

PRIMARY HEALTH CARE	PRIMARY HEALTH CARE
HEALTH PROMOTION	UKUQINAYIBINA NGEKWEZEMPILO
CHILD HEALTH (BABY CLINIC (IMMUNISATION & GROWTH MONITORING))	IZINKONZO ZABANTWANA NESIKALI
MANAGEMENT OF CHRONIC CONDITIONS & REHABILITATION SERVICES	UNCEDO MAYELANA NEZIFO EZINGALAPHEKI
MENTAL HEALTH CARE	USISO MAYELANA NOKUGULA KIWENKONDO
COMPRESSIVE BANK & TREATMENT OF HIV AND AIDS (COKIT) COUNSELLING & TESTING	IMSHANGULUZE YE HIV NOKULOLUWA NGOLUJAZ
MANAGEMENT OF TB	UKULWASHELWA LIFUSA
DENTAL HEALTH	IZINKONZO ZAMAZINYO
EYE CARE	IZINKONZO ZAMHELO
MANAGEMENT OF MINOR AILMENTS	IZINKONZO ANJULA SHELWA UKUGULA
YOUTH FRIENDLY SERVICES	INKONZO YENTSHÁ
ENVIRONMENT HEALTH SERVICES	UKUHLANZENKA KWEZEMVELO
PRIMARY HEALTH CARE	PRIMARY HEALTH CARE
MATERNAL HEALTH CARE SERVICES EXCLUDING DELIVERIES	IZINKONZO ZABOMAMA ABAZITHWELE KUKONBELETHSWA
PREVENTION OF MOTHER TO CHILD TRANSMISSIONS OF HIV & AIDS (PMTCT)	UKUYIMBELE UKONWISILELEKA KO MNTWANA NGUMAMA
MANAGEMENT OF MINOR CONDITIONS IN PREGNANCY INCLUDING STI	UNCEDO MAYELANA NEZIFO EZITHATHELANA NGOKOKANSI
ANTENATAL CARE	UNCEDO KUMAMA OKHULELEKE
POST NATAL CARE	UNCEDO KUMAMA OBELETHILE
SEXUAL & REPRODUCTIVE HEALTH CARE (SRH)	IZINKONZO ZOKHULELA UMINDI EZHLUKENE
CERVICAL CANCER	UKUHLULELA UMJUKUZO
FAMILY PLANNING & CONDOM DISTRIBUTION	UKUHLULELA UMINDI
COUNSELLING ON TERMINATION OF PREGNANCY	UKWELULEKWA MAYELANA NOKUSHISHYA KWESISU
NUTRITIONAL SUPPLEMENTATION & MACRO NUTRITION SUPPLEMENTATION	UKUBONISANA MAYELANA NOKULOLA OKWENZEKWE UMISO
EMERGENCY CARE SERVICES	USISO OLUPHUTHUKAYO

Address: 206 Hlatshwayo Street Kwazamokuhle Tel:013 924 1274

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 MPUMALANGA



Kwazamokuhle Community Healthcare Centre...Cont



Environmental Management Programme (EMPr)

ENVIRONMENTAL LIABILITY:

- For the financial year 2016/2017 environmental liability was R1, 545, 178, 791.44 ;
- During the inspection conducted in 2019 (at the time the mine was already placed on care and maintenance) the environmental liability was estimated to be around R1, 865, 604, 908. 00;
- The company had an Environmental Rehabilitation Trust with an amount of R 1, 743 563, 913. 58. The said amount was transferred into the Department's environmental trust account and as at the 22 May 2019 the amount was R 1,750, 585, 938.10 due to accrued interest;
- This implies that Optimum has an environmental liability of approximately R 112, 040, 995.58 (R112 million) financial provision shortfall. A notice of intention to issue a compliance notice was sent to the company to remedy the shortfall.

Environmental Management Programme (EMPr)...Cont.

CONCURRENT REHABILITATION

- Optimum was behind schedule with rehabilitation. Upon acquiring the assets, Tegeta made a proposal to commence the rehabilitation backlog in March 2017 and it was accepted by the Regional Office.
- According to the rehabilitation plan a total area of 8539.8 ha has been disturbed; about 1281.93 ha is unavailable for immediate rehabilitation (these areas include offices, ramps and final voids).
- Based on the proposal, the company was to conclude rehabilitation by end of March 2022;
- On 07 March 2017, the DMR conducted an inspection to confirm the status quo before rehabilitation work commenced where the commitment was presented for the second time.

Environmental Management Programme (EMPr)...Cont.

FOLLOW- UP INSPECTION

- A follow up meeting was conducted on the 08th February 2018, and during the meeting it was confirmed that only 17ha had been rehabilitated since the submission of the plan.
- Based on the engagement of 08th February 2018, the company was issued with a notice of intention to issue a compliance notice to inform the Department why they were not complying with their commitments and provide reasons for their non-compliance within seven (7) days from receipt of the notice,
- The Company requested adjustment to the timeframes and the timeframe was extended to the 12th of March 2018,
- Another site inspection was conducted on the 5th of June 2019.

Environmental Management Programme (EMPr)...Cont.

FINDINGS OF 5 JUNE 2019 SITE INSPECTION

- No mining activities were taking place;
- There was no implementation of measures such as dust management measures and water monitoring; and
- There were no measures to prevent / manage spontaneous combustion on the discard dumps and coal stockpiles.

Environmental Management Programme (EMPr)...Cont.

STATUTORY REPORTS

- The company had not been submitting the update / review of its financial provision as stipulated in Section 24(P)(3)(a) and (b) of the National Environmental Management Act, 1998 (NEMA) for the financial 2017/2018;
- The company has not submitted the performance assessment report for the approved EMPr / issued EA as stipulated in section 24(Q) of the NEMA;

Environmental Management Programme (EMPr)...Cont.

REMEDIAL ACTION TAKEN BY THE DEPARTMENT

- A notice of intention to issue a compliance notice in terms of section 31L of the National Environmental Management Act, 1998 (Act 107 of 1998) was issued requesting the company to provide reasons why the Department should not issue a compliance notice to direct them to submit:
 - The annual financial provision review in line with section 24P (3) (a) and (b) of NEMA,
 - The performance assessment report to the approved EMPr /issued EA as stipulated in section 24(Q) of the NEMA;
 - Implement measures such as dust management measures and water monitoring; and
 - Implement measures to prevent/manage spontaneous combustion on the discard dumps and coal stockpiles.

CONCLUSION

- The company continues to be under business rescue;
- The company continue to be non-compliant with SLP and EMPr;
- The Department will continue to monitor the company's compliance.

End



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