

Mbuyelo supplies coal to Eskom for electricity generation. During the hard lockdown on the economy, many industries were closed down to restrict people's movement and electricity demand dropped as a result, coal demand followed suit as it is used in electricity generation. Eskom was only purchasing minimum quantities of coal which affected the production volumes and sales volume. It made it very difficult for our coal businesses to break even. The coal export price then dropped, which meant that coal was being sold at loss at times. The company was barely breaking even until later on the year. Mbuyelo is just happy to have made it through a very challenging 2020.

Manungu - Own and Operate

An opportunity availed itself early last year, wherein Mbuyelo Coal could take over the mining (of Tshedza Mining Resources's Manungu Colliery) from Trollope Mining Services, who has been mining at the Manungu mine for the past 5 years. Mbuyelo grabbed the opportunity of mining for itself, seeing as how the company was in a better position to capitalize on this opportunity. When the contractor relationship ended in June 2020, the Company, Tshedza Mining Resources (Pty) Ltd ("Tshedza"), a Mbuyelo Coal subsidiary, began to own and operate the Manungu Colliery ("Manungu") itself. With a contractor, a mine has no control over the execution, but since Tshedza started mining for itself, it has had complete control over the production outcome. Now the mine has its own employees and own equipment. Within two months of operating, the mine crushed their production record for the last 6 years! "The mine is doing so well, that we had to ask the guys to slow down, something that is unheard of," commented Kervin Mthombeni, Mbuyelo Coal Chief Financial Officer. Tshedza has acquired machinery in the form of 777 trucks; D11 dozers; D10 dozers and

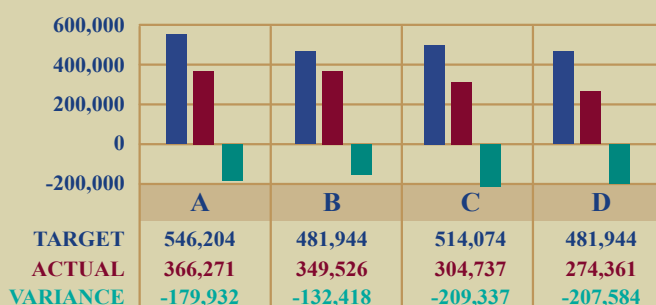
excavators. The equipment at Manungu is indeed of a high magnitude, because of the size of the mine. Manungu is an opencast operation, with an estimated 410million resources. The life of mine is measured at a hearty 30years. Like every business, the corona virus pandemic put a strain on the operation, and it made it immensely challenging to switch to an "own and operate", but with the team working so tirelessly on the project, they overcame the hurdle.

Tshedza had been running on what is affectionately known as a "boot" in the mining industry. This was a five year contract with Frasier Alexander to build, operate and then transfer the crushing and screening plant. Manungu is happy to declare that it has concluded that contract, and effectively does its own crushing and screening.

What a year 2020 has been for Mbuyelo Coal.



OVERALL PERFORMANCE



Mavhungwani continues to grow

Mavungwani Colliery has a resource of about 38 million tonnes which covers an area of 22 000 hectares. The Mining Right over the Western part of the Colliery expires in May 2022 and is in the process of being extended. The Mining Right over the East of the colliery expires in August 2044. Mavungwani Colliery ("Mavungwani") has been working on a BOOT (a term in the mining industry referring to the building, operating and finally, transferring) on a wash-plant with a well-known Fraser Alexander, who have been providing customised solutions to the mining industry since 1912.

Currently Fraser Alexander own and operate the highest number of coal wash plants of any independent contracting company in South Africa. "Mavungwani is proud to announce that as of the 16th of December, the Processing plant which was previously constructed and operated by Fraser Alexander on a BOOT basis, will be transferred to Mavungwani Colliery" exclaimed Hentie Hoffman, Mbuyelo Coal Chief Operating Officer (COO). The capacity of the plant is 400 tons per hour, 250 000 tonnes per month. It is a single stage multi product plant which produces Eskom grade Coal, Export A and B grade Coal, and inland A and B grade Coal. This is absolutely great news for Mbuyelo Coal.

In other news at Mavhungwani, Mbuyelo Mining Contractors ("MMC") has been brought in as a contractor to take over some of the pits in Mavhungwani. This is purely to de-risk the project from one contractor because of the magnitude of the

mine. MMC now work in conjunction with a very well-known and trusted contractor, ALS Group, to allow for maximum production of the operation. Each contractor can now concentrate on their respective pits. "MMC was brought in to take over only certain pits which helps ..." commented Hentie Hoffman, Mbuyelo Coal Chief Operating Officer (COO).

On the 1st of February 2020 Mavungwani Colliery contracted with Mbuyelo Mining Contractors (MMC) to conduct opencast truck and shovel operations at the Eastern part of the Colliery. MMC has experience of opencast mining going back since 2011. MMC is 100% owned by the Mbuyelo Group and has the capacity to mine 810 000 cubic metres per month. MMC employs 250 employees at Mavungwani Colliery.

38 mil

Resources held by Mavungwani Colliery (tonnes)

22 000

Area coverage (hectares)

250 000

Plant capacity (tons per month)

810 000

Mining capacity (in cubic meters per month)

250

Employees employed at Mavungwani Colliery

The equipment deployed by MMC consists of 27 x ADT's, 3 x RDT's, 7 x Excavators, 3 x production Dozers of which 2 are D9's and 1 D10. There are 2 x D8 Dozers, 2 x Graders, a service truck, a Diesel Bowser, a Water Bowser and 2 x Front-end Loaders."



Mavungwani lends a helping hand through a difficult 2020

Mavungwani Colliery, under Mbuyelo Coal (Pty) Ltd (“Mbuyelo”), was equally affected by the COVID-19 pandemic as were all businesses, yet it found a way to reach out and touch many hearts.

Goebram Primary School gets another mobile classroom

One of the mine’s main objective is to improve the quality of learning environment through ongoing donations. One such example is the donation of the fourth mobile classroom in Goebram Primary School. The project cost a generous two hundred and twenty-three thousand rands (R223 000), all in an effort to tackle the situation with the over crowdedness that occurred when Welgemeend Primary closed down in 2019. Previously, Mavungwani had donated three mobile classrooms to Goebram Primary. Today, all *four* classrooms are electrified and air conditioners installed. One hundred and fifty thousand rands (R150 000) later, the children are able to do their level best, being in a conducive environment.

Under Social Development is the Community Care Centre which was put together for the community of Carolina. This was not part of the Local Economic Development (“LED”) commitments, but a request from the community which the mine felt strongly about. The update on this Centre, is that the connection of Municipal Services has been completed. This includes sewer, water and electricity. The centre is officially ready to be occupied. The Community Centre- structure and the Municipal Services alone, has come to a robust R1.2 million so far and worth every cent! That’s not all, the mine plans on furnishing the Centre because the police station plans on using it as a victim friendly centre.

The social outreach project that Mavungwani was involved in this year was the donation of COVID-19 dust masks and gloves to front-liners in the community surrounding the mine.

Mavungwani has been an active participant of society in curbing the issues surrounding Gender Based Violence (GBV) and Femicide in and around its surrounding communities. In an event held at Matla Coal on the 20th of November 2020, the Colliery was acknowledged for being one of the first mines complying with all the criteria with regards to the submitted action plan, budget and management commitment towards eliminating GBVF in the mining industry.

These handsome amounts mentioned above went towards community projects- all of these before Mbuyelo begins with its LED commitments. This is a true reflection of the mine’s caring spirit towards the people of Goebram and other areas surrounding the operation.



Goebram Primary School



Ntshovelo Colliery keeps on giving

Ntshovelo Colliery (“Ntshovelo”) has always been about giving, but what stands out the most is the care it takes in looking out for its neighbouring community of Arbor.

2020 was not an easy year for anyone, with so many people being infected and affected by the corona virus (“COVID-19”) pandemic; the impoverished took a knock the most. This is when Ntshovelo (a Mbuyelo Coal mine), came dashing in to the community of Arbor, in an effort to alleviate the challenges imposed by the pandemic.

Ntshovelo collaborated with the Department of Health that was stationed at Arbor for 3days, aiding with



information dissemination, education about the virus and passing on awareness materials. They did not stop there, Ntshovelo donated cloth masks to the community, then they prepared generous food parcels enough to feed 50 families in Ward 09/Arbor. Following that, they donated Personal Protective Equipment (PPE) and COVID-19 related equipment to Arbor Primary School.

Just when we thought they had called it a day, Ntshovelo embarked on training 10 community members for driver’s licenses - five for code 10, and five for code 14 respectively.

It has been said, that “generosity is the habit of giving freely without expecting anything in return” (- Anonymous). Ntshovelo’s habit of giving never tires because it is not driven by praises.



Sustenance of Communities is Key for Maboko

Maboko Colliery ("Maboko") under the company Mbuyelo Group (Pty) Ltd, is the new kid on the block, but it is by no means to be underestimated. It has been keeping busy throughout the COVID-19 pandemic, reaching out to surrounding communities.

Belfast community

It does not stop there, Maboko rushed in to help the community of Belfast by putting their safety high up on the priority list. The South African Police Services ("SAPS") benefitted generously with the installation of two electrical gates, borehole drilling, and pump and tank installation. The whole project tallying up to over a hundred thousand rand.

The mine's community projects are sustainable so that we teach people how to take care of themselves long after we have gone. At Maboko, giving back is fulfilling because as we lift up someone, we lift ourselves up as well.

Siyathuthuka Local Clinic

Maboko lent a hand to the needy by donating protective material to the Siyathuthuka Local Clinic in the form of a thousand surgical masks; twenty chairs for patients to sit on while they wait- aiding with social distancing, and three gazebos for patients to provide shelter from the smoldering heat. This whole project amounted to twenty thousand rands.

Ukhwezi Primary School

For Mandela Day of 2020, Maboko reached out in honour of educating the youth of South Africa by donating a six-by-six (6x6) meter mobile classroom to Ukhwezi Primary School, to the value of a hundred and eighty-five thousand rands.

Sidabula Maketanga Trading Enterprise

Enterprise development is also a worthy form of giving back for Maboko. It donated a hearty fifty-seven thousand rands to Sidabula Maketanga Trading Enterprise. This went towards industrial pressure washers with foam soaps, industrial vacuum cleaners and a two thousand five hundred litre (2500L) water tank with a reel hose.

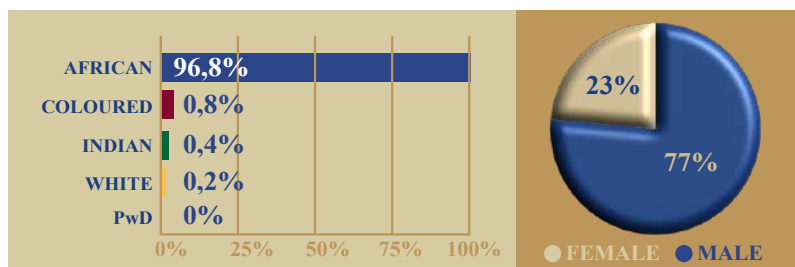
In speaking with Maboko General Manager, he had this to say, "Since inception, Maboko has always made an effort to engage with the community of Emakhazeni, listening to their challenges and striving to make a meaningful impact through employment and business opportunities. We are a young vibrant team whose innovativeness has allowed us to make a difference, while striving to reach the objectives of the company."

SCHOOL PROJECTS CURRENTLY RUNNING:

1. The construction of Ukhwezi Primary School kitchen facilities
2. The Khayalami School's Palisade Fencing Project (Phase 1)
3. The construction of Belfast Higher Primary School's kitchen facilities

2020 Human Capital Update.

- Total number of employees, including contractors –1913
- Mbuyelo Group workforce has increased by 71% as we were taking over the mining contracting services
- Employee turnover was 5% for the year 2020







SWARTKLIP

Bikes Donation

