

Universal Coal Development Phase I (Pty) Ltd Extension WULA: Considerations in terms of Section 27(1) of the NWA

The NWA requires that the responsible authority, i.e. Department of Water and Sanitation (DWS), considers factors summarised below in deciding on an application for authorisation of water uses.

a) Existing lawful water use/s

An Existing Lawful Water Use (hereinafter referred to as “ELWU”) is a water use which has taken place at any time during a period of two years immediately before the date of commencement of the National Water Act, 1998 (Act No. 36 of 1998) (hereinafter referred to as “NWA”) or which has been declared an existing lawful water use in terms of Section 33 of the NWA and which was authorised by or under any law which was in force immediately before the date of commencement of the NWA.

There are no existing lawful water uses associated with the application in question. There are existing water uses on the subject properties, associated with the agricultural activities. However, information quantities and lawfulness of these water uses is not at the applicant’s disposal.

b) Need to redress the results of past racial and gender discrimination

Universal Coal Development I is a Level 2 B-BBEE Contributor, and its black ownership is 29.5%. Therefore, efforts to redress the results of past racial and gender discrimination are being supported through the mining activities of the applicant. Furthermore, the applicant has a Social and Labour Plan (SLP), which is being considered by the DMR with the Mining Right application process. Amongst other imperatives, it outlines policy commitments and programmes that give effect to empowerment of women and Historically Disadvantaged Individuals (HDIs) through the mining activities and associated water uses.

c) Efficient and beneficial use of water in the public interest

The Extension project will ensure that the existing 700 employees keep their jobs over the 12 year LOM. Furthermore, there are other social benefits that will be realized due to the mining operation. Thus, the beneficial use of water is in the public interest in respect of job

opportunities, Local Economic Development (LED), poverty alleviation, and social infrastructure development.

d) Socio-economic impact of the water use:

i. if authorised

If authorised, the water uses in question will enable and support the growth of the mining operation, which contributes to social and economic development in the area, and the national tax revenue. When authorised, the water uses will facilitate mining activities employing 700 people. Furthermore, the activities contribute to Local Economic Development (LED) in the area through procurement of goods and services from local enterprises. Universal Coal has established Skills Development Programme within the jurisdiction Victor Khanye Local Municipality, which has produced over 200 qualified articulated dump trucks (ADT) and excavator operators recognized by the Mining Qualification Authority (MQA), ABET graduates and Artisans. The applicant also partnered with the Department of Education, Victor Khanye Local Municipality, and Exxaro Leeuwpan Colliery and have funded the building of Nkangala Further Education Training (FET) Satellite College, of which its first enrolment of students is expected in the first quarter of year 2018.

ii. of the failure to authorise the water use or uses

Failure to authorise the water uses would result in cessation of Kangala Colliery mining project at the current LOM. The Extension project would not be feasible as mine workings would not be safe if dewatering is not permitted. Coal processing would also not be viable without permission to dispose of discard and slurry.

In this scenario, all social and economic benefits that would otherwise accrue from authorisation of the water uses and continuation with the mine Extension operations would be lost. This would have undesirable consequences for the Delmas. Amongst other ramifications, over 650 permanent job opportunities would be lost, with ripple effect to families that have been supported through income from the mine.

e) Any catchment management strategy applicable to the relevant water resource

There is currently no catchment management strategy for the Olifants Water Management Area (WMA) within the project site falls. The Department of Water Sanitation (DWS) has instituted an Internal Strategic Perspective (ISP) as the policy document for management of water resources within the WMA, and consideration of applications for new allocation of water.

With the Olifants WMA deemed as being stressed and in deficit in terms of water availability, the reconciliation strategy recognises the potential for use of mine affected water and protection of water quality through pollution prevention interventions. Consistent with the ISP and reconciliation strategy, this application entails the use of mine affected water including pit water and runoff from dirty areas. The site is a zero waste discharge operation, with no proposal to discharge polluted water to watercourses.

f) Likely effect of the water use to be authorised on the water resource and on other water users

The likely impact of the water uses to be authorised on water resources and other water users has been investigated and is considered low and acceptable if all prevention and mitigation measures are implemented. A wetland offset strategy for the two-small piece of depression wetlands that will be mined through has been recommended. The other wetlands occurring within the study area that are not going to be affected a minimum buffer zone of 100 m was recommended. Although depression wetlands will be mined, the impact of these on the broader catchment and functioning of the valley bottom wetlands is considered Low to insignificant.

The impact on the deeper dolomitic aquifer (groundwater resources) underlying the proposed mining area is low to negligible. The pit workings are not likely to impact on the dolomitic aquifer, on which the communities in and around Delmas are dependent for domestic water supply and agriculture. The latter is a key economic output driver in the area.

g) Class and the resource quality objectives of the water resource

The class of the water resources and the feasibility to meet resource quality objectives will not be negated by the proposed additional water uses. The class of the water resources

already considers mining, agriculture, residential development and other land-based activities within the catchment.

h) Investments already made and to be made by the water user in respect of the water use in question

The applicant has made substantial investments towards the Kangala Colliery project. With mining and related activities having commenced in 2013, the applicant has already made significant investments that include capital expenditure, construction and development of the mine and key infrastructure such as the coal processing plant.

i) Strategic importance of the water use to be authorised

Universal Coal's customer is Eskom power stations. The proposed water uses are of strategic importance, by virtue of supply of coal to Eskom for electricity generation. The coal is a key input for electricity generation for the national energy grid as per the Integrated Resource Plan. Therefore, the proposed water uses for the Extension are of strategic importance, in keeping with the National Water Resources Strategy II.

j) The quality of water in the water resource which may be required for the Reserve and for meeting international obligations

With reference to the hydrogeological model simulated, the quality of water required for the Reserve from the deeper dolomitic aquifer will not be adversely affected by the proposed water uses, if the mitigation measures recommended are implemented and the coal extraction terminated above the shale and tillite formations. A monitoring programme has been proposed to serve as an early-warning system for impending deterioration in resource water quality. According to the hydrogeological model, post-closure water qualities are not likely to negatively impact on resource water quality of the deeper dolomitic aquifer.

k) Probable duration of any undertaking for which a water use is to be authorised

Universal Coal undertakes to operate the proposed Extension over a period of 12 years. The duration of this undertaking is in line with proposed Life of Mine (LOM).