



Press Release

24 November 2020, Johannesburg

Industry players optimistic for coal and anthracite markets

COVID-19 national and international lockdowns impacted demand volumes and prices for coal and anthracite this year. However, industry players are hopeful for a strong rebound in 2021.

Menar Chief Operating Officer Bradley Hammond and Buffalo Coal Sales and Marketing Manager Bill Lamont shared their perspectives on the local and international market at the virtual Coaltrans Asia 2020 conference on 24 November 2020.

“It's been a challenging year for coal and anthracite producers alike. But looking ahead the markets indications are positive. It is for this reason that we are aiming to restart our anthracite operation, Zululand Anthracite Colliery (ZAC), which has been on care and maintenance since President Cyril Ramaphosa's declaration of the state of national disaster to mitigate the impact of COVID-19 in March.”

Prior lockdown, 80% of ZAC's product was sold locally. ZAC expects demand to pick up in the domestic market. However, on the export side the company expects demand to remain somewhat subdued.

“In the beginning of this year, I thought it was going to be a very positive one. We were expecting big offtake agreements to Vietnam. In 2019, we saw Vietnam take an abundance of anthracite as they use it for power generation. But the China-Australia dispute arose and Australia started diverting coal to Vietnam, which had a direct negative impact on us. But the appetite is still there.”

Hammond noted that ZAC was facing other challenges from anti-mining NGOs as far away as Canada that were trying to put a stop to the operation as well as some community unrest issues that were being addressed.

“But as long as we can work through those issues, the anthracite will still be needed. The South African market is dependent on us. There are not many anthracite producers. Therefore, if we can start the operation and produce at a competitive price, we make sure that large



MENAR

producers like Russia are not a challenge. We also have the appetite to start new greenfield projects, if demand and market conditions are favourable,” he highlighted.

Lamont noted that China used to be quite substantial market for South African coal in the 1990s. However, with the growth of Indonesia as a major coal producer, that market diminished for South Africa, and in recent years had been completely non-existent. “However, recently, there have been reports that there are at least four Capesize vessels on the water for delivery in November into China.”

Hammond added: “China is opening up the door for more vessels, I believe that it's only a matter of time and that three vessels are going to become 10 and 20 and more in time. Therefore, I'm still very confident that there will be demand for coal to the export market.”

Lamont concurred with Hammond about Menar’s positive sentiment on the future of the market: “We are still looking positively, as Buffalo Coal at anthracite developments into the future, and are still planning on further projects going forward,” he concluded.

Menar’s subsidiaries are Canyon Coal, with operations in Mpumalanga and Gauteng; Zululand Anthracite Colliery in KwaZulu Natal, Kangra in Mpumalanga and East Manganese in the Northern Cape.

Buffalo Coal is a coal and anthracite producer with its mines Magdalena and Aviemore, located in KwaZulu Natal.

www.menar.com

For more information, contact:

Menar Corporate Communications Department

Siphiwe Tame

Tel: +27 11 783 7996

Email: pr@menar.com