

Canyon Coal to develop new R1.4bn mine in Mpumalanga

Canyon Coal is constructing a new coal mine in Hendrina, Mpumalanga. Production is expected to start in the second half of 2023, with the first phase of the Gugulethu project on track to be completed in 8-10 months. It is expected to produce 1.2 million t/y of 5,500kc NAR coal.



Jarmi Steyn, GM, Gugulethu Colliery

Said Gugulethu Colliery GM, Jarmi Steyn: “We are in the development phase and have already done the tenders for the civils and the processing plant. Our mining equipment has started to arrive.”

Formerly known as De Wittekrans, Gugulethu is a greenfield project located southeast of Hendrina that Canyon bought out of business rescue. Phase 1 of the project holds an economically mineable reserve of 14.3 million tons of run-of-mine (RoM) coal. It comprises three pits, one of which has been specifically designed to gain access to the underground reserve as part of Phase 2.

20-year mine life

The fully licensed project has a life of mine of over 20 years based on a RoM production of about 2.4 million tons a year from the opencast section. The underground sections, which will commence operations in 2028 after the completion of the open cast reserve, will sustain production of 2.4 million tons a year.

The commissioning of the processing plant is scheduled towards the end of 2023. The transfer of the plant from the depleted Hakhano mine – Canyon’s first opencast colliery – for re-assembly at Gugulethu has begun.

Total investment earmarked to develop the mine is over R1.4 n. Canyon Coal plans to invest R600m in Phase 1 of the project. The development of the underground mining section will require a further R890 .

Gugulethu’s product will be trucked some 43km to the Rietkuil siding for transportation to the Richards Bay Coal Terminal in KwaZulu-Natal.

All of Canyon Coal’s export allocation at the terminal is in use but the capacity for Gugulethu’s tonnages will free up when the company’s 1.4 million ton-a-year Phalanndwa Colliery in Delmas is closed later this year when it reaches the end of its life. Canyon exports some of its products through Grindrod’s Terminal de Carvao da Matola (TCM) port in Maputo.



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Job creation

According to the company, the construction of Gugulethu’s opencast mine will create more than 200 jobs, with a priority given to residents of the host community, and will create 430 jobs when it is fully operational.

Steyn says her first goal for the Gugulethu Colliery is to ensure it is developed safely within schedule and budget. “Then, along with the team, I want to see it become a flagship site for Canyon Coal in terms of regulatory compliance and production performance, obviously to ensure maximised stakeholder and shareholder value,” Steyn states.

Canyon Coal is a subsidiary of private investment company, Menar.

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