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Mining companies around the world are looking for growth opportunities and Africa, with its wealth of minerals, has become a choice for many.

Many of Africa’s and the world’s most successful mining ventures depend on Deloitte’s mining experts to advise them on complex business and industry issues they face on a daily basis.

Deloitte offers our mining clients a broad range of services focused on complete and innovative solutions and value added results. Our subject matter experts have focused on providing you with mining specific strategic and business solutions to increase productivity, profitability and minimise loss. Our well-established network of experience in the mining industry allows us to help your organisation gain the competitive advantage it needs to be successful. With our extensive footprint and proven experience, Deloitte is your partner of choice for successful and sustainable business operations in Africa.

Being a global multi-disciplinary organisation, we have access to leading experts in the various fields of auditing, tax, consulting, financial advisory and corporate finance. As part of this pooled resource, all members are available for global deployment, supplying rapid and relevant responses to our clients’ needs. But even more re-assuring than this is the fact that the world’s top mining experts are to be found right here on home soil, to immediately help you with your company’s challenges.

We look forward to collaborating with you to build a sustainable mining industry across Africa and the rest of the globe.

Abrie Olivier
Southern Africa Mining Leader
Deloitte footprint in Africa

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- Morocco
- Algeria
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- Western Sahara
- Mauritania
- Cape Verde Islands
- Mali
- Senegal
- Gambia
- Guinea-Bissau
- Guinea
- Sierra Leone
- Guinea
- Sierra Leone
- Liberia
- Burkina Faso
- Niger
- Chad
- Sudan
- Central African Republic
- Ethiopia
- Djibouti
- Somalia
- Comoros
- Seychelles
- Mauritius
- Reunion
- Cameroon
- Ghana
- Ivory Coast
- Togo
- Benin
- Equatorial Guinea
- Cabinda
- Gabon
- Democratic Republic of Congo
- Congo Brazzaville
- Angola
- Namibia
- South Africa
- Botswana
- Zambia
- Zimbabwe
- Kenya
- Tanzania
- Uganda
- Rwanda
- Burundi
- Mozambique
- Malawi
- Lesotho
- Swaziland
- Madagascar
- Democratic Republic of Congo
- South Sudan
- Eritrea

COUNTRIES NOT SERVICED

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Strategy, Growth and Operations

- Developing your strategic options
- Radical business improvement
- Supply Chain optimisation
Strategy, growth & operations

Developing your strategic options

Challenges mining companies face
There has been a renewed interest in beyond-borders expansion, particularly into Africa. Africa carries with it a number of key challenges in terms of investment and development and mining investment, which is not for the fainthearted, is growing ever more complex, costlier and increasingly less certain. The risks posed by the legal and regulatory environment, political instability and the rise of resource nationalism, infrastructure constraints and scarcity of skilled labour, make the decisions about where and in what to invest in, even more difficult.

In order to take full advantage of the investment opportunities which are becoming available, a thorough understanding of the project’s intrinsic value, as well as financial and operational flexibility is required. However, mining companies stung by negative experiences in the last downturn, are reluctant to take up these opportunities. Mining companies need to reduce their risk and need more compelling reasons to make an investment. Deloitte is able to provide credible strategic, technical and financial advice to clarify areas of uncertainty and obtain the required assurance for making such far reaching decisions.
While markets do not always reward every deserving company, quality deposits carry an intrinsic value and genuine in-the-know that investors need not to be convinced to “buy the resource” over the stock. Executives need to take a good look at their portfolios, processes, plans and value drivers and articulate a long-term strategy to make informed investment decisions.

**How does the Deloitte solution address the business issue?**

Our approach encapsulates a rigorous analysis of the prospective acquisition targets, along a range of parameters, coupled with identification and quantification of risks facing potential investments, including political risk, prevalent particularly in Africa.

At Deloitte we have found that our on-the-ground presence in most African countries plays a considerable role in our ability to understand local investment opportunities and risks. We use hypothesis formulation and testing as well as a real options approach as some of the useful tools in weighting investment options.

**Benefits to your organisation**

Our strategy, actuarial and corporate finance specialists work together to deliver a comprehensive “as –is” picture and reveal potential opportunities for commercial exploitations while identifying any latent flaws or fundamentally negative aspects, which may impact your investments. The high-level financial models help to select the optimum entry option and the risk models aid the development of mitigation strategies. Scenario planning assists in the understanding of the country-specific risks, particularly in identifying the leading indicators or triggers, thus helping to ascertain early which of a range of identified scenarios could unfold.

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Radical business improvement

Our experience has shown that clients understand the business improvement imperative, but often lack the capacity and approach to make improvement a reality.

How does the Deloitte solution address the business issue?
The Radical Business Improvement (RBI) approach aims to influence the thinking and behaviour of operational teams to make business improvement a ‘way of life’. This is achieved through the embedment of a business improvement platform that not only fast tracks business improvement, but also ensures sustainable continuous improvement practices.

Benefits to your organisation
Our RBI Team will provide your organisation with a platform that drives business improvement in a sustainable manner. The platform consists of specialised people, streamlined processes and supporting systems. Once this is established, your company will have gone through a culture shift where everybody understands, supports and participates in business improvement.

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Supply Chain Optimisation

Challenges mining companies face
While supply chain strategy has often been underestimated as a source of competitive advantage, organisations are now increasingly moving away from focusing on functional excellence to leveraging their supply chain as a strategic capability. However to enable a high performance supply chain, the function needs to deliver on its commitments such as:
1. Managing the cost base in an effective manner
2. Reducing the supply chain risk
3. Optimising the work capital position

Due to rising input costs and increasing regulatory/social requirements, costs have escalated to unsustainable highs. CEOs driving external spend reduction programmes in their strategic goals are confident that savings targets can be achieved from procurement, requiring a step change.

How does the Deloitte solution address the business issue?
Deloitte has proven solutions to address the challenges facing resource organisations. Deloitte’s Supply Chain proposition is focussed on delivering and sustaining benefit, and establishing leading edge capability to drive competitive advantage for our clients. We work across the value chain to address all components of supply chain activity from setting the high-level strategy, to defining the appropriate operating model, to aligning back-office processes, to tactical sourcing activity, and beyond. We have further refined our supply chain framework to focus on the seven key areas within supply chain which is supported by the strategy, people, systems and process enablers.

Our capability is further enhanced through links with our extensive global network of strategic sourcing and procurement experts.
Benefits to your organisation
A streamlined supply chain requires focus and mastery on the seven key areas of the supply chain. By embracing these key elements, the supply chain function supports the business in obtaining its strategic goals in terms of:
• Reducing its overall external spend
• Reducing the supply chain risk
• Improving the service levels to the operations
• Reducing working capital through reduced inventories and improved payment terms
• Improving on the local procurement targets
• Improving the visibility of information to enable proactive decision making
• Ensuring the governance measure embedded do not promote inefficiency
• Increased transaction and operational efficiencies through standardisation and controls throughout the value chain
• Reduced transaction costs resulting in fewer resource requirements
• Improved delivery and performance quality through focused supplier management programmes.

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Capital Projects

- Business case design
- Capital efficiency
- Portfolio optimisation
- Project execution readiness
- Operational readiness
Capital Projects

Business Case Design

Challenges mining companies face
Mining companies constantly seek avenues to expand their asset base, increase revenue contribution and ultimately total shareholder return. Therefore, there is a constant need to scan and develop business cases for new areas of growth, while testing various scenarios in a quest to obtain optimal value.

How does the Deloitte solution address the business issue?
There are countless case studies of projects that have progressed through the initial project life-cycle stages, only to be recycled back to concept phase, as a result of sub-optimal option selection. The significance of making incorrect decisions in the early phases of the project development cycle normally result in the need for a rework and causes unnecessary delays. The application of a structured approach to the project definitions, termed business case design, could increase project ROI and prevent unnecessary rework.

Benefits to your organisation
Scanning various large capital investment business opportunities and their respected options and permutations thereof, can seem to be a daunting task. Decision makers can easily be misled on the wrong growth path without a well-structured and robust business case development approach. Value is added by providing decision makers with piece of mind that optimal value has been highlighted and key risks have been identified.

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Capital Efficiency

Challenges mining companies face
Our experience has shown that every large capital project should include a detailed value improvement process coupled with a rigorous capital business case review. The need for a robust process has been highlighted by the current worldwide economic conditions where capital funding is constrained and it is crucial that projects deliver on the promised projected returns.

How does the Deloitte solution address the business issue?
Our approach encapsulates a detailed value improvement process coupled with a rigorous capital business case robustness review. Value enhancement is achieved by working closely with the project team, targeting areas of potential value through various techniques focusing on efficiencies, waste and new sources of value. The position of the project in the overall project lifecycle will determine the focus of the review and the warranted analysis. During the business case robustness review, the business case is evaluated, assumptions tested and validated, while risks are framed and key drivers are modeled stochastically providing a view on the uncertainty associated with the reported project return.

Benefits to your organisation
Big capital projects take a considerable amount of time to develop. During this time many configurations are tested and assumptions made on which decisions are based, while the business case is continuously updated and changed. Since the world can change significantly over the project study period a structured value improvement and business case robustness review could add value by providing decision makers with the peace of mind that the optimal value has been identified and that the project return numbers are sound.

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Portfolio Optimisation

Challenges mining companies face
Capital markets expect great things from corporate boards when it comes to capital planning. While stock exchanges follow companies’ short-term earnings guidance, they also value companies based on long-term strategic opportunities and capital spend forecasts. The challenge for an executive board arises when one considers the trade-offs between projects with competing strategic objectives, especially when funding requests exceed available capital or dramatically impact annual cash flows.

How does the Deloitte solution address the business issue?
Capital portfolio optimisation aims to determine which projects should be selected that would maximise the value objective for a certain funding level, while taking into consideration constraints and dependencies. Our approach firstly consists of understanding the corporate strategy and business objectives to optimise towards thoroughly, after which, project data is collated and analysed to insure robustness and consistency throughout. Thereafter advance optimisation algorithms are used to determine the optimal portfolio of project for a specific capital/cost funding level limit.
Benefits to your organisation
Advanced portfolio optimisation analysis has a broad spectrum of benefits for management when it comes to making the correct decision at the appropriate time. Through improving the speed of decision making it allows additional time for management to have executive conversations which unlock deeper insights into their own business. The resultant effect of this process is that managers and the board can be rest assured of the decisions they make on capital projects.

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Operational readiness

Challenges mining companies face
The high degree of uncertainty that accompanies operational readiness can often be mitigated, simply by identifying the challenges that the project can pose and the impact that these challenges could have on the projects.

Understanding the challenges and their potential impact on capital projects provides an indication of the preventative measures required in order to ensure that the project retains the maximum NPV possible. It is often the case however, that these challenges and impacts are not accounted for or factored into the operational planning process in the development phases, negatively affecting the return on investment.
<table>
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<tr>
<th>Challenges</th>
<th>Impacts</th>
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<tbody>
<tr>
<td>People readiness</td>
<td>• Ineffective service delivery</td>
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<td>• Addressing skills and capacity shortages</td>
<td>• Quality related issues</td>
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<td>during transition</td>
<td>• Increased costs due to imported skills</td>
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<tr>
<td>• Ineffective service delivery</td>
<td>• Poor safety performance</td>
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<td>System readiness</td>
<td>• Inability to produce management reports</td>
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<td>• Ensuring management information readiness on</td>
<td>• Limiting management effectiveness</td>
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<td>day one</td>
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<tr>
<td>Legislative compliance</td>
<td>• Late start up due to urgent applications</td>
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<td>• Environmental and socio economic related</td>
<td>• Potential fines or shut downs for</td>
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<td>(license to operate)</td>
<td>non-compliance</td>
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<tr>
<td>Services and infrastructure readiness</td>
<td>• Inability to supply necessary services</td>
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<td>• Peripheral services and external infrastructure</td>
<td>• Increased costs for temporary services</td>
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<td>• Delays due to external constraints</td>
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<td>Procurement and supply chain readiness</td>
<td>• Insufficient capacities</td>
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<td>• Establishing new vendors, necessary</td>
<td>• Stoppages due to stock outs</td>
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<td>infrastructure and systems to support</td>
<td>• Material and critical part shortages</td>
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<td>inbound materials</td>
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<tr>
<td>Equipment readiness</td>
<td>• Delayed start up</td>
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<tr>
<td>• Ensuring the timely commissioning and</td>
<td>• Slower ramp up</td>
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<tr>
<td>operability of new equipment</td>
<td>• Inability to achieve design capacities</td>
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How does the Deloitte solution address the business issue?
The Deloitte experience has shown that project teams have come to understand the capital project assurance imperative, usually applying rigorous focus to the technical design and build aspects of the project. A similar focus on operational readiness is often neglected from the outset, potentially leading to practical challenges in achieving the anticipated return on investment. Deloitte can assist your business in the following key focus areas in order to ensure maximum return on investment:

- Understanding the complexity of the operational readiness planning
- Defining accountability and ownership of projects
- Accounting for a ‘uniqueness’ factor in each project
- Establishing team integration
- Structuring the top level correctly
- Establishing suitable ramp-up plans for the project
- Establishing operational reporting and controlling investment.

Benefits to your organisation
Operational readiness planning requires consideration, planning and importantly, a budget from as early as the study phases of the project. An operational readiness project plan should be created and integrated into the overall project plan. Making the decision to integrate operational readiness planning into the project development process is the starting point. Effective operational readiness will benefit your business if managed correctly, building the Net Present value (NVP) of the project, improving the realisable value of large capital projects and ultimately increasing shareholder value.

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Risk Advisory Services

- Exploring risk, extracting value
- Safety analytics
- Tip-offs anonymous
Exploring risk, extracting value

Challenges mining companies face
Effectively managing risk is an essential business activity to ensure success and sustainability of your operations. Risk management is as relevant to our clients as growth and profitability. In fact, the concepts co-exist. In a world of unpredictable change and recession, managing costs extracting value from assurance is non-negotiable. At Deloitte, we embrace this value proposition.

How does the Deloitte solution address the business issue?
Simply put, we don’t deliver services based on capability (products), but deliver solutions that harness our capability toward realizing a client’s strategy. By way of example, our Internal Audit solution is not the traditional approach of assurance provision. We supplement the internal audit methodology with data analytics and forensic skills to highlight risk areas for audit. The result is assurance for the Board, but also areas to maximize savings and minimize costs for business.

The Risk Advisory suite of services that can assist you include:
• Internal Audit
• Governance and Risk Management
• Data Analytics
• Technology Risk Advisory
• IT Audit
• Forensics
• Security and Privacy Services
• License Compliance and Asset Management Solutions
• Legal
• Tip Offs Anonymous

Benefits to your organisation
Deloitte risk management solutions are strategic. We focus on partnering business toward long term growth objectives and resultant increase in shareholder value. Whether it’s leveraging data to facilitate compliance, or mining data for trend analysis for cost reduction, Deloitte risk management solutions speak to a shareholder agenda.

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Challenges mining companies face
Safety issues in Africa are particularly complex given increasing cost constraints, the increasing depth at which mining operations take place, ageing facilities and a legacy of unsafe behaviour. Conventional mining methods often take place alongside heavily mechanised activities, further increasing the risk of health and safety incidents.

While significant improvements in mine safety have been made, the quest for zero-harm continues.

How does the Deloitte solution address the business issue?
Traditionally, the focus on improving safety in mines has been on:
• Training
• Awareness Campaigns / Competitions
• Safety orientated process optimisation
• Implementing monitoring systems that gather and report on basic safety information.

There is much more that can be learned from existing data, however, by studying the underlying causes of and contributing factors to workplace accidents - the how, where, when, and why they occur - and then applying that information to further reduce fatalities.

Deloitte does this by using advanced analytics, i.e. by applying two statistical techniques; Predictive Modelling and Data Mining to produce a mathematical model that effectively segments and predicts the likelihood of workplace accidents as well as indicating the likely severity of those events. Through the Advanced analytics process, we are also able to identify contributing factors. This methodology can assist in addressing mining safety from a different angle. By making use of data and techniques not previously applied in this industry, Advanced Analytics helps identify jobs, locations and processes that may carry a greater risk of injury or accident.
Safety Analytics Applied – How does it work?
**Benefits to your organisation**

Advanced analytics puts company data to work by combining traditional data sources of risk information with non-traditional data sources. The discipline supports enterprise cost containment, profitability, and wellness strategies, along with efforts to lower the frequency and severity of workplace accidents. It also builds enterprise sustainability by improving safety, improving legal and regulatory compliance and promoting corporate responsibility.

Additional benefits include:
- Increased productivity
- Reduced fines as a result of improved compliance
- Competitive advantage in recruiting and employee retention
- Healthier employees and reduced absenteeism
- Improved employee satisfaction and morale.

In summary, our view is that there is an opportunity to leverage safety related data (traditional and non-traditional data) more aggressively in order to generate insights and models that can positively contribute to the quest for zero-harm.

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Challenges mining companies face

The risk of workplace fraud is almost certain to rise as economic growth slows and more employees experience financial difficulties. With retrenchments in the mining sector a reality, increased levels of financial crimes are to be expected.

Recent statistics by the Association of Certified Fraud Examiners (ACFE) revealed that on average 5% of revenue was being lost to fraud within large organisations today. Fraudulent behaviour is much more likely to be detected by tips than by any other method.

Effective prevention and detection processes are therefore needed to increase confidence and morale of all stakeholders. One of the key mechanisms of fraud detection is the implementation of an outsourced independent fraud hotline, such as Tip-offs Anonymous fraud and ethics hotline service.

How does the Deloitte solution address the business issue?

We currently enable an organisation’s stakeholders (employees, management, suppliers and customers) to report fraud, dishonesty and unethical behaviour in an anonymous and confidential manner without fear of recrimination. There are currently six mediums of communication that include a unique Freecall 0800 number, unique email address, post, website, facsimile and sms.
Benefits to your organisation

Our Deloitte Tip-offs Anonymous service:

• Acts as a powerful practical deterrent to dishonesty and inappropriate behaviour in the workplace;
• Is designed to protect the assets, bottom line and reputation of organisations, both in the private or public sector;
• Protects an organisation from negative publicity and adverse disclosure to the media;
• Demonstrates an organisation’s commitment to promoting a culture of honesty, and integrity;
• Is a tangible corporate governance initiative that all stakeholders can embrace to promote openness and transparency throughout your organisation;
• Effectively highlights risk areas and weak internal control environments;
• Promotes an organisation’s risk management strategy and profile as well as that of the internal audit function and audit committee;
• Can be used as a barometer to measure unethical behaviour;
• Exposes undetected or unreported fraud, crime, non-compliance issues and collusion through anonymous calls;
• Embraces a recommendation of the King Reports on Corporate Governance to “make available safe easily accessible channels to stakeholders”;
• Enables an organisation to comply substantially with the provisions of the Protected Disclosures Act No 26 of 2000.
• Enables organisations (listed and state owned companies) to comply with the Companies Act requirements to provide a facility for reporting to stakeholders.

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Corporate Finance
- Corporate Finance solutions
Corporate Finance services

Corporate Finance Solutions

Challenges mining companies face
Accessing cash: With mining projects invariably requiring significant investment to bring them into operation, having access to sufficient cash resources is key to the success of any mining company. While some miners are cash rich, others have to look to equity partners, capital markets and banks for cash, all of which are jittery after suffering losses in the global recession of 2008/09 and the looming economic troubles in Europe.

Growing through acquisition: Finding the right mining projects can be a significant challenge and ensuring all risks and opportunities are assessed as part of the deal process is vital in maximising shareholder value.
How does the Deloitte solution address the business issues?
The Deloitte Mining Advisory (M&A) network extends across the globe, and is effective at bringing vendors, bidders, investors and debt providers together at a key strategic level. Access to an effective global network with continuous enquiries from parties in the resources sector enables the Advisory team to make the right contact, at the right time, with key decision makers. Our Advisory team have experienced increasing levels of activity where Asia Pacific investors view Africa as a critical partner in developing and securing long term commodity supply. We use our network for the benefit of our clients and as a platform for mining M&A activity and debt and equity capital raising.

We have a track record of working closely with investments banks as part of multi-disciplinary IPO teams to ensure that mining companies extract the maximum value from initial and subsequent capital raisings. As well as traditional competent person, reporting accountant and sponsor roles, Deloitte also offers services such as IPO readiness reviews, capital structure assessments, drafting and coordination of listing documents and road show support. Venmyn and Deloitte have recently merged to offer unique integrated technical, financial, legal and tax transaction services on mining assets. Venmyn is a leading specialist mineral valuation advisor offering full scope technical due diligence, as well as mineral asset valuation and economic assessments. We design an integrated due diligence scope tailored to specific project life-cycle stages (early to late stage exploration, development or operating mine). Our due diligence covers key areas that an investor and/or funder needs to consider as part of its decision making process. We provide one issue focused integrated due diligence report. The various outputs generated are used to determine impacts on purchase price and the sale and purchase agreement. Identification of issues and potential solutions for post-merger implementation are also vital outflows of this process.
Benefits to your organisation
Our clients include large mining concerns, investments funds and junior mines. We have a well-developed network with Deloitte offices in foreign markets, and are able to provide integrated services to ensure you obtain seamless support, irrespective of the country where you plan to transact.

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Venmyn Deloitte
Independent Technical Services

Venmyn Deloitte
Venmyn Deloitte is a global business with professional expertise in the independent technical and economic assessment and review of mineral projects. Venmyn Deloitte generates compliant documentation for mineral companies either for on-going transactions or specific regulatory requirements. Venmyn Deloitte is associated with independence, compliance, competence and valuation.

Challenges mining companies face
There is:
- An increased market demand for independent technical and valuation assurance
- A requirement for ensuring compliance standards are adhered to
- A regulatory and statutory insistence on independence
- A need for competent sign off on documentation
- A need to value mineral assets on an annual basis for balance sheet and liquidity purposes
- A need for a trustworthy and globally recognised opinion
- A requirement for quality documentation with recognised assurance.

How does the Venmyn Deloitte solution address the business issue?
Venmyn Deloitte is recognised for its comprehensive technical abilities in the evaluation of acquisition and divestiture opportunities, the estimation of mineral resources and mineral reserves and preparation of corporate project disclosure documentation.

Our focus areas are:
- Statutory and Regulatory Services
- Assurance Services
- Valuations
- Audit Services
- Transaction Documentation.

Venmyn Deloitte provides specialist skills in mineral asset valuation and are well known globally as an advisory firm product differentiator. Venmyn Deloitte is a global initiative providing a cutting edge combination of skills to serve the minerals industry.
Benefits to your organisation

Venmyn Deloitte:

• Bridges the divide between technical evaluation and economic valuation of mineral projects to create a new industry standard in mineral project assurance

• Provides global expertise and are able to work with you wherever your operations are

• Can provide financial and technical due diligence and valuations from one entity, saving the client time

• Can provide a financial and technical due diligence, assessment and assurance from one service provider, making it easier for the client to meet and manage their objectives

• Has proven experience and quality of work in both financial assurance and technical due diligence and assessment

• Offers what no other company offers – i.e. both technical and financial services, making the new entity an attractive option of clients as they receive combined financial and technical assurance, giving the client a holistic view and full risk analysis, and making them better positioned to decide to pursue a mineral project or not

• Through Deloitte and Venmyn’s exposure and long-standing service to the mining industry, the combined entity has developed deep insights into the industry that clients will leverage best practice from, making them more competitive

• Prides itself on delivering on time and on budget

• Undertakes projects on a turnkey basis

• Produces high-quality, investor-friendly, graphic-intensive documents.

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Pre-configured SAP Solutions

- IM Architecture
- SAP Mobility Solutions
- Software Quality Assurance & Testing
- IT Governance
- Application integrity
- Application management Services
Pre-configured SAP solutions for mining

Challenges mining companies face
Mining companies are facing tighter margins with information systems that lack the ability to access business information and are in need of a best practice mining specific solution which can be managed effectively on your own at a low cost.

Deloitte can deliver a dramatically reduced total cost of ownership system without any significant disruption to business with the Mining pre-configured solution which has been developed based on Deloitte’s many years of experience in the mining industry.

How does the Deloitte solution address the business issue?
Working in conjunction with SAP AG, our SAP Mining Practice has developed a pre-configured solution for the mining industry. This proven solution includes a fully pre-documented and pre-configured SAP solution that can be rapidly deployed and adjusted to meet clients’ specific needs. Notably, the solution incorporates SAP’s Best Practices for Mining, which was developed with extensive input from Deloitte.

By speaking the industry’s language, the solution provides mining companies of any size with a means to implement SAP faster and smarter, using fewer resources resulting in fewer business disruptions.
Benefits to your organisation
Deloitte’s pre-configured SAP Mining Solution can help your company quickly establish a platform for growth. You’re up and running 50% faster than conventional systems, plus, the software package helps you simultaneously address the operational challenges and capacity constraints that your company could be facing during these challenging times and at all times provide you with the flexibility you require with an ERP system.

Information Management
Challenges mining companies face
The Mining industry faces the increasingly difficult quest to achieve sustainable profitability. Achieving this profitability involves managing and tightly controlling the cost of identifying, extracting and processing the highest yielding ore body through optimised and streamlined operations. In order to achieve this, mining operations are increasingly reliant on accurate and real-time information related to their exploration, extraction and processing activities. With the industry facing these tighter constraints, immediate and accurate information is recognised as an increasingly critical and essential asset, crucial to any mine’s survival.

With the multitude of information solutions available to the industry, it is essential that a mining operation selects and invests in the most appropriate information solutions, which when implemented, will effectively support the mine’s informational needs.
Information Management

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How does the Deloitte solution address the business issue?
Deloitte brings a blend of a number of key capabilities in addressing this challenge:
• In-depth knowledge of the mining industry
• A track record of successful deployment of information solutions to the mining industry
• A globally established and mature Information Management practice
• An impressive array of advisory assets available for use in advising mines in their quest to select the best Information solutions
• A mature Application Management capability supported by professionals who hold both deep technology and mining expertise
These capabilities, when blended, provide a unique value proposition to assist mines in managing their critical information assets

Benefits to your organisation
This value proposition will allow your organisations to:
• Identify, source and deploy the most appropriate information solutions to meet your unique mining needs
• Manage these solutions in the most cost effective manner while allowing your mining operations to optimally benefit from the information provided by these solutions

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SAP Mobility Solutions

Challenges mining companies face
Enterprise mobility is becoming more and more of a reality for business leaders today. Employees are increasingly mobile and are placing more demands on the business to empower them to work where and when they want. Smartphones and tablets have been at the forefront of this mobile revolution enabling employees to get more done in less time and to do their jobs better.

How does the Deloitte solution address the business issue?
Enterprise mobility solutions that are truly effective are a delicate balance between the needs of the end user as well as the enterprise. The Deloitte solution considers the user’s as well as the business’ needs:

- Strategy
- People
- Process
- Applications
- Security
- Architecture
- Devices

Benefits to your organisation
There are many reasons why organisations should consider laying down a corporate strategy for enterprise mobility before making investments in mobile technologies. It is imperative though that the business calls for enterprise mobility as a way forward. Mobility should not be undertaken lightly as a “me too” strategy. Rather, the decision to go mobile should be underpinned by a concrete underlying business imperative to unlock competitive advantages or efficiencies within the business. Metrics should be established to track the cost and benefits.

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Software quality assurance & testing

Challenges mining companies face

Quality Assurance (QA), including testing, is a critical component of the software development process. Yet the complexity and effort to ensure quality are often underestimated. For those not directly involved in QA, the activities appear straightforward. From their perspective, the hard part is design and development. As a result, QA often is not given the time or resources to complete the work properly.

Benefits to your organisation

Studies show that one hour invested in quality assurance generally saves three to 10 hours in downstream costs. Moreover, defects introduced during the requirements phase – if not found until final testing – cost 50 to 200 times more to correct than detecting and resolving them immediately.

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How does the Deloitte solution address the business issue?

Deloitte has helped hundreds of companies in South Africa and around the world implement a more rigorous and comprehensive approach to software quality assurance. Our consulting services include: diagnosing problems with existing software development processes; developing comprehensive QA strategies and plans; establishing organizational structures and career paths for QA; and engineering solutions for performance. We also help companies conduct software testing and manage software quality, using a mix of onshore and offshore resources to reduce costs and accelerate development through around-the-clock testing.
IT Governance

Challenges mining companies face

CXO’s want to and should know the return on investment (ROI) of IT in their business. This informs future IT investment decisions as well as current actions that may need to be taken in IT. It is also important to understand what the critical systems are to the business and whether sufficient focus, time and resources are being applied to these systems.

It is also important to assess how these may be impacted by cost rationalisation efforts. IT governance, which is receiving increased attention from shareholders and the board as a result of recent legislation, and other areas, are key to the CXO. How well aligned are the business objectives with our IT strategy?

How does the Deloitte solution address the business issue?

Our approach is a good component of an approach to IT governance. Our approach recognises that cost optimisation is a journey and our tool output provides the first step in that direction. The tool is aligned with COBIT® (Control Objectives for Information and related Technology) and is facilitated through a half-day workshop.

The tool has been developed in conjunction with Gary Hardy, an advisor to Deloitte and the ITGI (IT Governance Institute), a recognised leader in IT governance thinking and a key contributor to COBIT®.

Benefits to your organisation

The tool output is designed to assist management in achieving:

• Cost effective management of IT assets
• Well managed IT processes
• Optimised use of human capital

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Application Integrity

Challenges mining companies face
As organisations rely ever more heavily on application information and information and communications technologies, the firm wide risks associated with them escalate rapidly.

Data accuracy and protection; the gathering and use of financial and other sensitive data; and control over internal and external access to software applications are some of the most crucial concerns of today.

In addition to organisation wide risks there are the practical software-related risks and concerns to be mitigated. Compliance with changing regulatory and legal requirements is a constant and growing pressure. Competitive use of new technologies and the speed with which they can be deployed is critical in attaining early mover advantages.

Given these pressures, the business case for investing in a strong, highly automated internal security and control environment grows stronger all the time.
How does the Deloitte solution address the business issue?

Every application system (new or existing) has its own unique parameters and requirements. That’s why our approach is practical, risk-based and modular – enabling us to tailor our approach to meet your specific needs.

Our Application Integrity services include:

**Application security**
Assess, design and implement application security controls for the automated business processes. Security accelerator templates provide guidance related to role definition and applicable Segregation of Duties. This process includes security set-up, maintenance, administration and operations for all environments, as well as development, quality assurance, training and production.

**Business process controls**
Assess, design and implement internal control frameworks that leverages a cost-effective mix of automated and manual controls embedded in the automated business processes. These controls may include internal controls over financial reporting as required by Sarbanes-Oxley and other similar regulations and potentially other operational, compliance and privacy-related controls, depending on management’s requirements.

**Interface and data migration controls**
Assess, design and implement controls that manage the risk in the accuracy and completeness of interfaces and data conversions between newly built, legacy and third-party software applications.

**Compliance tools**
Assess, design and implementation of “smart” tools for Sarbanes-Oxley and other compliance considerations. These services encompass the people, process and technology transformation aspects to help you improve the cost of compliance through automation as well as embrace long-term sustainment approaches.
Benefits to your organisation

The benefits of a robust software-based internal controls programme are evident. With these controls in place, you can:

• Reduce the potential for fraud and problems around financial reporting
• Comply with laws and regulations, including those relating to corporate governance, internal controls, risk management and privacy, among many others
• Reduce the risk of asset or resource losses
• Optimise business decisions with higher quality, more timely information
• Improve operating inefficiencies.

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Application Management Services

How does the Deloitte solution address the business issue?
Our Deloitte Application Management Services (AMS) practice delivers functional and technical capabilities across a global platform to continuously deliver on client specific business objectives. We are relentlessly focused on driving down costs, improving quality, and accelerating value in every aspect of our services.

Our Application Management Services (AMS) span the entire continuum from up-front advisory services through application optimisation and innovation.

- Globally Delivery Network
  - A Global footprint serving our clients where they work. Over 600 practitioners focused on AMS in the US alone, combined with over 7,000 practitioners performing AMS services worldwide.

- Services
  - A full suite of application management services offerings
  - advisory through maintenance, optimisation and innovation.
Benefits to your organisation
We leverage deep expertise from our industry, technical and functional competency centres to deliver differentiated application management service results:

• **Industry**
  leveraging industry specific insights and intellectual capital across 27 industry segments, allowing us to make better, faster, more informed application management decisions

• **Technical/functional**
  bringing to our clients market recognised expertise and deep partnerships with SAP and Oracle, allowing us to face off against our clients most complex, multi-dimensional application challenges.

• **Technologies**
  A comprehensive coverage of outsourced applications - information management, custom applications and ERP application, tools, techniques and related disciplines

• **Delivery Structure**
  An ability to provide the right resources at the right price in the delivery modes and business models that best meet our clients objectives

• **People**
  A broad and deep bench of resources, spanning technical, functional and industry domain expertise differentiated by a strong business acumen

• **Methods and tools**
  A globally standardised methodology and integrated out-of-the-box toolkit to accelerate the build, configuration, execution and realisation of value from AMS

• **Value Level Management**
  Tying the performance and accountability of the AMS organisation to the objectives and business outcomes of our clients.

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Human Capital Services

- Human resource feasibility solutions
- Strategic workforce planning
- Talent development and assessment solutions
- Outsource recruitment solutions
Human Capital Services

Human Resource Feasibility Solutions

Challenges mining companies face
Predictability and accuracy of labour data and cost in capital projects and daily operations is a key concern across the mining industry.

The Human Resources (HR) cost impact on capital projects is summarised in strategic workforce and labour plans and is generally contained in the HR chapters of the feasibility studies. With cost sensitivity in the mining sector rising, it has become increasingly important to understand and predict HR related impacts and cost models comprehensively and as accurately as possible.

How does the Deloitte solution address the business issue?
Our HR Feasibility and Strategic Workforce Planning Solutions ensure that the HR impact of a capital project or current operation is predictable, accurate and comprehensive, including labour and labour related social, market, country, cultural and statutory compliance data and cost elements. Deloitte supports our mining clients from initial data collection, standardization and sanitization, through detailed analysis to compiling the HR data and cost models for capital projects and current operations.
Strategic Workforce Planning Solutions

Challenges mining companies face
Labour dynamics and skill shortages continue to challenge the mining industry. Yet, despite the relative predictability of both workforce dynamics and persistent global skill shortages, a large part of the industry continues to respond in the same manner each year while expecting different results.

Globally, critical talent and skill shortages remain across the industry, compounded by mobility challenges and a dynamic surge in statutory requirements.

Traditional responses to the talent gap remain valid. However, as market pressure increases, progressive companies are deploying strategic solutions that allow them to become more pro-active in managing their workforce challenges.

Strategies to consider:
• Apply science to workforce planning
• Introduce industry level cross training
• Build a global culture around mobility, flexible and growth oriented career models, pro-active succession management.

Africa, today, is one of the emerging markets that most companies are exploring and expanding into. Africa exhibits risks and opportunities seen in countries like China and India during the early 1990s. Back then, few global players knew how to react when these countries opened up their markets for business. Success into Africa will depend on your ability to strategically plan and manage your workforce in this competitive space.
How does the Deloitte solution address the business issue?
Deloitte has leading methods and tools in the fields of Actuarial Analysis, Technology, and Human Capital Management. Deloitte’s data driven approach to workforce planning combines internal and external data sources with supply and demand projections to perform repeatable reporting and scenario planning that help influence talent strategies. With a multi-year horizon, the strategic workforce planning and modelling strategy supports sustainable long term value creation, in addition to providing short term results.

Applying science to workforce planning:
• As competition for talent heats up across the mining sector, strategic workforce planning has become increasingly sophisticated.
• Companies bound to win the race are those capable not only of identifying their global resource requirements, but also of understanding where to source their human capital supply.
• This extends beyond identifying replacement workers for people preparing for retirement to factoring in turnover rates, absenteeism and the impact of disease, the number of graduating candidates, requisite leadership skills and potential supplier gaps in each planned or operational geography.
Benefits to your organisation

• Reduces people-related costs associated with misalignment of workforce demand and supply
• Identifies optimal workforce mix strategies by evaluating whether to buy, build, borrow, or rent talent (e.g., leverage tools, on/offshore mix, use of contingent workers)
• Enables greater savings in operations and infrastructure planning by providing long-term headcount forecasts and business strategy context (e.g., recruiting staffing, IT user provisioning, real estate investments)
• Talent strategies based on relevant and future-oriented rather than purely historic data outperform generic talent management and HR solutions.

The results for a Strategic Workforce Planning engagement will enable a collaborative approach to design the most appropriate, effective and cost-efficient portfolio of Human Capital interventions to be deployed in a company-specific context. A prioritised plan and roadmap of suggested human capital strategies designed to address the projected skills and talent gaps will ensure direct impact on productivity and shareholder value.

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**Talent Development and Assessment Solutions – making your people more effective at work**

**Challenges mining companies face**

Training and development are integral to the success and competitiveness of mining companies. Significant effort and investment is made into developing skills and promoting experience across technical and behavioural skills, driven by operational requirements, a changing workforce, talent mobility, growth and statutory requirements. As cost and labour market pressures increase, effectiveness, efficiency and value for money are becoming the drivers for Human Resource functions in planning their future development and training strategies.
Deloitte has a broad and fully integrated set of human capital solutions covering recruitment and assessment, development, succession- and performance management.

At the heart of our solutions lies a defined set of competencies, made up of comprehensive competency definitions at entry-, supervisory and leadership level. A fully integrated suite of tools and services utilise this behavioural and technical competency library to support targeted selection and recruitment, assessments across all levels, development solutions per level and tailored leadership development programmes. In addition, Deloitte provides individualised and customised assessments, graduate development programmes and managerial/leadership development programmes.

As the sole Africa partner for Development Dimensions International, DDI, Deloitte provides the deepest, broadest and freshest competency based learning programmes and technology to help you make your people more effective at work.

Benefits to your organisation
Deloitte works with you to connect your talent development strategy with your business strategy:

- Consistent and effective people development
- Efficient and rapid deployment of repeatable and standardized competency based selection, assessment and development solutions
- Cost effective assessment and development
- Classroom based, virtual classroom, and e-Learning programmes
- Mining specific customisable supervisory and management development programmes.

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Recruitment Solutions

Challenges mining companies face
Mining companies, similar to those in other industries face ever increasing challenges in the strategic talent attraction and retention arena. The very recent economic downturn underscored the importance of strong, skilled leadership and a resilient, energetic management team. Having the right talent on board and holding onto your most valued and scarce skilled people, not only to maintain current business operations, but also to turn the tide, manage challenges and capitalise on opportunities, is paramount. Finding and retaining the right people with the right attitude, skills and experience is more critical than ever.

How does the Deloitte solution address the business issue?
RecruiTalent, the recruitment division in Deloitte offers search and selection services by a team of industry specialists with both local and international experience. Recruiting the best is a key success factor in any organisation. We partner with clients in understanding and fulfilling their exact recruitment needs, with due consideration of appropriate experience, skills, qualifications, and importantly, culture fit.
RecruiTalent specialise in sourcing people with top talent in professional services from junior entry level to senior executive leadership, on an interim management/temporary, temporary with the view to assessing suitability for permanent, and permanent placement basis. We have successfully recruited quality mining professionals for our clients in the mining industry.
Our focus areas include sourcing of financial staff and management including:

- CXO level - including CEO, COO, CFO, CIO
- Financial Managers and Executives
- Chartered and Management Accountants
- Internal Auditors
- Taxation professionals
- Accounts payable and receivable clerks
- Bookkeepers

We also source staff and management in, but not limited to:

- General Management
- Information Technology
- Management Consultancy
- Human Resources
- Project Management
- Procurement
- Change Management
- Personal Assistants
- Data Capturers
- Administration.

The Deloitte brand is a magnet for top talent. We have strong strategic relationships and leverage our extensive networks for continuous access to top candidates including previously disadvantaged individuals. We foster strong long term client relationships with an in-depth understanding of each client and its unique requirements which assist us to continually provide potential “right-fit” candidates.

Our ability to search for top executives is further strengthened by our extensive networks and alumni (ex Deloitte employees), database of qualified Chartered Accountants and other specialist skilled candidates. We commit ourselves to providing you with the best talent as well as support from our solid, knowledgeable and capable service delivery team.
Benefits to your organisation
• Using the philosophy of “One Deloitte” we optimise the multi-disciplinary capability of our firm to add value to our clients. We are in a unique position to leverage a far wider team of professionals and their networks, where required, in sourcing top candidates
• Sound track record of recruiting for a variety of clients nationally in both the private and public sector
• A standardised and consistent recruitment process that is fully supported by our state of the art recruitment system
• An experienced and diverse team, which has specialist experience in recruitment and selection
• Our processes are fair and non-discriminatory and comply with company policies and current labour legislation
• Our global and national footprint strengthens our position, as we are able to synergise with our local and international offices, to draw on the best talent and networks in order to fulfil your recruitment needs
• Efficient service and turnaround times
• Highly competitive fees.

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Learning Solutions
- e-Learning solutions
Learning solutions for mining

e-Learning Solutions

Challenges mining companies face
In the mining industry the cost of training and the number of shifts lost due to training attendance are two of the biggest concerns for leaders. On the other hand, bigger awareness of safety also highlights the need for high quality training. Leadership’s challenge is to find the right balance. In addition, employers and employees needs are often not met due to insufficient training and development programmes, which do not integrate with other forms of learning to accommodate the needs of highly diverse and busy employees.

How does the Deloitte solution address the business issue?
The value of training starts with people. Our focus is not to advance people technologically, but to advance people through technology. We partner with organisations to help them achieve their strategic objectives through their people by developing and implementing world class learning and development strategies and optimising learning delivery and management through proven adult learning methodologies and approaches using innovative technologies, systems and processes.

Deloitte has a full development capacity to develop e-learning tools and solutions. We have vast experience in developing custom e-learning solutions in the Health & Safety Environment, as well as Community Learning and technical Training for various mining groups.

Our mining programmes include:
• Blasting Assistant
• Rock Drill operator
• Red Permit
• Opencast Mining Inductions
• Lateral Transport
• Mining Layouts etc.

We have proven that our methods not only save time, but are also the best way to meet and prove compliance with Mine, Health and Safety Authority (MHSA).
Benefits to your organisation
We assist in creating a new culture where knowledge is treated as an asset by people and the organisation becomes a lifelong learning organisation. This happens when the whole learning path is provided for with theory and practical learning opportunities.

Learning with Deloitte becomes a driver of the business strategy, rather than a service, due to the alignment of the business strategies.

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Tax Solutions

- Tax management Consulting
- Global Employer Services
- Tax Efficient Supply Chain
- Transfer Pricing
Tax Solutions for Mining

The members of our Mining Tax Group at Deloitte pride themselves on being mining industry experts and specialists in their respective tax fields. Our mining tax specialists include recognised experts in Corporate and Mining Tax, Indirect Tax, PAYE, International Tax, M&A Transaction Services, Transfer Pricing, Carbon Taxes and government grants and incentives.

We have found our clients in the mining industry require specialists to service them in the following main areas:

**Mining Tax**
There is a special tax dispensation for the mining industry which is contained in Sections 15 and 36 of the Income Tax Act. We assist clients to optimise the deductions with a specific emphasis on capital expenditure.

**Expatriates in the mining industry**
With expanding into new markets, there are many tax and permit related matters that need to be carefully planned for the employees. We offer a comprehensive expatriate tax and permit service, especially into Africa, to ensure these risks are mitigated.

**Merger and Acquisition Advisory**
We advise on the most tax effective structuring in M&A deals and provide due diligence services on mining acquisitions.

**Tax Technology**
We have developed a specific mining tax module for our corporate tax software solution, Corpsmart. This software solution facilitates the completion of your tax return.

**Tax Compliance**
We provide specialist services on Income Tax Return compliance to the mining industry.

**Value added Tax**
Our VAT team adds value to the mining industry in the main areas of compliance with the diesel rebate scheme compliance, identifying opportunities of overpayments of VAT due to under claims of input tax deductions and cross-border VAT compliance. are paid by careful upfront planning.
Customs
The mining industry exports a significant portion of its output. We offer a comprehensive export compliance service to ensure all opportunities are identified and risks mitigated in the export supply chain.

On the import side many raw materials, consumables and capital equipment are imported for use on the mines. Our customs team will ensure that the correct customs duties are paid by careful upfront planning.

Government Grants and Incentives
Apart from the Mining Tax dispensation, we believe the industry can benefit from the many government grants and incentives on offer from the South African government and overseas government agencies.

Our government Grant Initiatives team specialises in maximising these grants and incentives in the following main areas, namely, research and development, infrastructure competitiveness enhancement and major capital expansion plans.

Transfer Pricing
Many mining companies are part of large multinational groups and they have significant cross border transactions with connected parties in the group. Our transfer pricing team will ensure these transactions are carefully planned to minimise any transfer pricing exposures.

Carbon taxes and Clean Development Mechanism
The mining industry is a large user of electricity and therefore has a large carbon footprint due to South Africa’s almost total reliance on coal for power.

We recommend that the industry carefully review its plans to reduce its reliance on coal powered electricity through the effective use of carbon credits and other grant mechanisms. Our Climate Change Solutions team will assist to navigate this complex area.
Tax Management Consulting

Challenges mining companies face
The recent global economic crisis has resulted in state intervention all over the world and in numerous industries. Mining houses are forced to keep abreast of the many changes in tax legislation regarding the mining industry as well as staying focused on the running of day to day business operations.

Tax compliance in general, has inevitably become a potential tax minefield.

How does the Deloitte solution address the business issue?
Deloitte mining tax specialists apply their specific expertise to corporate tax issues in the mining industry. Our main expertise lies in tax planning and the ability to assist with preparing or reviewing tax returns and year-end tax accruals.

In addition to the above, due to the complexities and murkiness surrounding the calculation of the mining royalty payable by mining houses, our mining tax specialists have:
- Developed a highly skilled knowledge base regarding the interpretation of the controversial legislation around the mining royalty
- Formulated a means to assist with the calculation of the actual royalty payable.

Service Offerings:
- Consulting
- Compliance
- Mining Royalty Calculations;
- Restructuring, including advice on implementation and drafting of legal agreements
- Indirect Tax Advice;
- International Tax Advice
- Tax strategy
- Tax technology and systems integration; and
- Government Growth Initiatives.
Benefits to your organisation:
You will enjoy the distinct advantage of obtaining the very best advice from leading professionals in each area of tax who can all be found under one roof - from legal advisers to thought leaders who will strive to assist you to identify the optimal financial, practical and most tax effective mechanisms that will see your company not only prosper but flourish!

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Global Employer Services

Challenges mining companies face
As companies grow and become more global in scope, employment issues become more complex. Among the most serious challenges businesses face today is compliance with multifaceted tax laws and labor regulations.

How does the Deloitte solution address the business issue?
Deloitte offer well-rounded plans and program development strategies that can help transform global employment programs in a tax- and cost-efficient manner. Our services include:

- International assignment services
- Compensation & benefits
- International human resources
- Risk talent rewards
- Technology

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**Tax Efficient Supply Chain**

**Challenges mining companies face**
One of the greatest opportunities to unlock value in the mining industry is to plan across the entire supply chain. Since the major markets for African commodities include Asia, the US and Europe, companies need to identify efficiencies beyond their own borders. This includes the careful management of risks across different jurisdictions.

**How does the Deloitte solution address the business issue?**
Business Model Optimisation (“BMO”) enables companies to obtain operating and tax efficiencies.

This includes four steps:

1) **Realign for business transformation**
Operational changes are usually required to move the business model and the tax plan into harmony. Defining a new operating model to improve operating margins and grow revenues in a tax compliant manner can generate increased after-tax earnings and enhanced cash flows. Shifting components of the physical value chain to more tax-efficient jurisdictions is part of the solution, as is the strategic relocation of intellectual property.

2) **Reconfigure Information Technology (IT) systems**
As governance structures, supply chains, and other parts of an enterprise realign to capture more value, the information systems that support those functions must evolve as well. As a result, the IT systems should be reconfigured to support the new operating model. In addition, the IT function is itself a source of potential new efficiency through centralization, shared service centers, and economies of scale.

3) **Readying human resources**
BMO initiatives have human capital implications across the organization. After all, moving functions and risks means moving people, and that can trigger leadership challenges, potential disruption to the business, and loss of talent. These challenges, which can also create opportunities, need to be managed carefully with a command and control project management structure, strong communication plans, and dynamic change management.
4) Re-organise legal, finance, and tax structure

BMO goes beyond narrowly defined tax questions – but those questions remain at the heart of any worthwhile solution. A new legal structure and transaction flows often result from a BMO transformation as a means of managing tax and trade risks in the local countries as the legal entity structure aligns with the new operating model. Finance aspects, cash flows, and customs duties and other indirect tax implications of the new business model need to be considered within the new management and reporting structure.

Benefits to your organisation

The risks inherent in the mining industry present unique opportunities for companies to reduce their effective tax rate. This can be done by aligning the supply chain in a tax efficient manner. Furthermore, careful consideration of the business model can overcome additional economic and regulatory challenges, such as liquidity shortages and withholding taxes.

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Transfer Pricing

Challenges mining companies face
The mining industry poses some very specific challenges from a transfer pricing point of view. South African mining groups are often involved at more than one level in the supply chain. For example, the group may both mine and beneficiate the commodity in South Africa. This can make it very difficult to evaluate the profitability of the South African entity or entities.

In this scenario it is also necessary to determine the value on which the Mining Royalty will be paid. Companies would wish, as far as possible, to pay on the value of the commodity before any beneficiation.

The global footprint of many multinationals in the mining industry also presents challenges. It is necessary to consider the pricing of sales to group companies in multiple parts of the world. This is likely to mean that the pricing policies are very complex.

Meeting documentation requirements in multiple jurisdictions is also onerous.

A specific problem for ventures into Africa is the wide range of withholding taxes imposed by many African governments.
How does the Deloitte solution address the business issue?
The Deloitte transfer pricing team is part of a global team which has consistently had the highest number of individuals (including individuals from SA) rated in the Euromoney Guide to the World’s Leading Transfer Pricing Advisers. The SA team has extensive experience in preparing OECD compliant documentation which satisfies the requirements of SARS and is readily adaptable to the requirements of other countries. We have extensive experience in the mining industry. Apart from substantial documentation projects, our assignments have included the following:

- Benchmarking the sale to Europe of a valuable by-product from mining operations
- Working together with colleagues in the UK and Canada to secure an advance pricing agreement (APA) between the authorities of those two countries
- Advising on the SA transfer pricing implications of a significant restructuring of the supply chain of a commodity mined in SA.

Benefits to your organisation
The benefits of using the SA TP team are as follows:
- A cutting edge SA practice with access to a world-wide range of specialists in the mining industry
- A proven record of successful and constructive negotiations with SARS and with revenue authorities in other African countries (most recently, Botswana and Malawi)
- Extensive experience in the mining industry.

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Legal Advisory Solutions

- Contract Management
- Regulatory Compliance
- Labour Solution
- Protection of Personal Information
Legal Advisory Solutions

Challenges mining companies face
Political and regulatory changes have long had a bearing on mining companies. Regulatory compliance is not negotiable and holds serious consequences if not fulfilled.

Mining companies therefore need to continuously ensure that new legislation is considered for impact on investment decisions and to ensure operations comply with the law.

Following the recent global financial crisis, government interventions and new legislation have reached new heights across the globe, including Africa. Examples include imminent data privacy law, new royalty and other resource tax legislation, tightening of permitting, beneficiation, changes in labour laws and competition law to mention a few.

How does the Deloitte solution address the business issue?
Through our Deloitte network of offices in Africa and our Global Legal Network, we provide advice to clients on cross-border M&A and regulatory requirements including:

• Country reviews including political, economic, social, technological, legal and environmental reviews and specific environment of business assessments
• Market reviews focussing specifically on competition and regulatory assessments
• Regulatory reviews including sector specific regulatory environment assessments and general corporate law
• Due diligence assessments on potential acquisition and/or joint venture targets
• Country specific compliance offerings addressing topics such as competition law, records management, electronic communication and transactions, labour law, royalty and social license requirements
• Legal agreements including cross-border M&A, expatriate employment contracts and general
Benefits to your organisation

Deloitte Legal is represented in 47 cities in 30 countries throughout Africa. We therefore have on-the-ground knowledge of new legislative requirements ensuring that:

• Sound knowledge exists of the legislative requirements and that the ease and cost of doing business is assessed before entering a country
• The impact of new legislation is assessed and addressed in terms of financial performance or investment
• Companies keep abreast of the latest developments and legislative requirements
• Compliance with legislation and regulations
• Proactive action is taken to reduce cost of compliance
• Ethical risks to the company are understood and managed appropriately.

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Contract management solution

Challenges mining companies face
Next to regulatory compliance, contractual obligations make up the greater part of the legal risk which businesses must manage. In addition, as economic conditions get tougher each year and businesses must ensure they are extracting sufficient value from the contracts which they have entered into.

Extraction of value entails a number of aspects, including:
• Having an enterprise wide view of contract spend to understand supplier spend
• Contract optimisation through efficient price escalation and performance penalty enforcement
• Supplier performance level management through better utilisation of contract management systems and tools
• More strategic procurement through a long term view of contractual obligations.

Extraction of the maximum value from contracts and contractual obligations requires an appropriate contract management framework, organisation of contracts, eased day-to-day management through software utilisation and on-going training.

Deloitte has vast experience in providing these services, providing additional capacity and transferring knowledge and skills during the execution of such services. Our solution will accelerate compliance and empower on-going compliance while maximising value extraction from contracts.
How does the Deloitte solution address the business issue?

Our solution considers the entire contract lifecycle and the execution of our methodology ensures an appropriate customised framework, a sustainable solution and clear processes for contract optimisation.

Thus, our solution deals with four specific areas, each of which a business may or may not already be executing on or have in place, but all of which are essential for optimal contract management:

• Contract management function
  - This deals with setting up the necessary function for efficient contract management and reporting. Existing policies will be assessed for completeness and additional policies put in place if necessary. Fully understanding the requirements for an optimal contract management structure is imperative but documenting this is a clear, simple manner is what enables implementation of a culture of contract management throughout the organisation. Deliverables in this phase of the solution include recommendations on the reporting lines, contract management structure and staff numbers required to execute the function effectively.

• Contract management framework
  - Ensuring completeness of the framework under which contract management is conducted is key to reaching effective compliance. Deliverables during this phase of the methodology include drafting/amending the contract management policy, its accompanying procedure and processes and developing concept contracts and classifying contract clauses in light of editing rights.
• Contract Management Administration - The sustainability of any framework which is implemented is based on the practicality and on-going use of the systems put in place to manage contracts on a daily basis. This is best achieved through an electronic contract management system. Deloitte can assist with uploading contracts into a semi-electronic system and advise on and supply a fully automated contract management system. The system will provide, amongst others, automatic reminders for price increases, expiry and notice periods which enable efficient and automated contract management.

• Contract management audit and reporting - For management to procure strategically and to ensure on-going compliance, accurate and continuous reporting capability must be provided for within the system. This is enabled through on-going audits and assessment of the implemented contract management system.

Benefits to your organisation

Our approach will deal with the above areas through a phased methodology aimed at:

• Understanding the existing extent of contract management
• Developing the necessary supplementary processes and documentation to achieve the necessary level of contract management
• Providing a contract management tool
• Transfer of skills to the current staff to enable on-going compliance
• On-going training and skills assessment of staff responsible for contract management; and
• On-going reporting for strategic management of the overall contract risk to the organisation.

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**Regulatory compliance**

**Challenges mining companies face**
South Africa is becoming one of the most regulated countries in the world, with new and extensive legislation coming into force each year. It is now a business imperative for organisations to understand the extent of their compliance obligations as a first step. But this is merely the beginning, different industries have different regulatory universes, compliance obligations and reporting imperatives. Unpacking these compliance obligations is a complex process which results in a large number of obligations being identified which must then be managed on an on-going basis. Although identifying and unpacking these obligations is a once off exercise, the on-going management of compliance and providing for the on-going amendments to legislation is a huge challenge.

**How does the Deloitte solution address the business issue?**
The Deloitte approach is one which is:
- Self-regulating
- Holistic
- Proactive

Our solution covers people, process and technology with Deloitte expertise, relationships and international network access. The solution is also scalable, meaning that it can be customised to your organisation’s needs. Our solution has three phases, each aimed at deconstructing the steps required to achieve and maintain on-going compliance.
Benefits to your organisation

Our solution begins with determining the regulatory framework within which your particular entity must function. This involves developing the appropriate regulatory compliance policy and procedure, ensuring the correct organisational structure for sustainable and continued compliance and developing the regulatory universe appropriate for the industry within your organisation must operate and prioritising this in terms of likelihood and impact of noncompliance.

Once the regulatory universe has been documented and prioritised, the task of unpacking the obligations, either of the priority regulation or for all regulation, into task or action items which must be executed within the business must begin. This process includes determining the documentary proof which must be captured as proof of compliance and also assigning responsibility for each task or action item to be executed.

The second part of phase two of the execution of such a regulatory compliance project is to capture the tasks and action items in a format which enables and eases compliance. It is almost impossible to do this without an electronic regulatory management tool which can be customised to the requirements of the business. Deloitte offers a scalable electronic tool which can be customised to ensure automatic reminders for compliance, the ability to scan proof of compliance into the tool and a large number of reports on the extent of compliance on a number of criteria, such as compliance with a particular piece of legislation, compliance within a particular business area or compliance in a particular geographic area. The criteria on which reports will be extracted can be customised and decided with the business. The solution also provides for the incorporation of the changes to compliance obligations through regulatory amendments or changes.
The final phase of such a regulatory compliance project is the necessary awareness and training requirement to fully implement the new policy, procedures, processes and tools to ensure on-going compliance. Training on all aspects of the new regulatory compliance regime, including –
• training on the actual policy and processes
• training on any software tool which was implemented
• technical training on the regulatory content for those champions which are tasked with execution of the assigned tasks and action items.

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Labour solutions

Challenges mining companies face
It is estimated that approximately 3.9 million people are employed in South Africa in either a temporary, fixed term or labour brokered relationship. Some argue that this casualization of work is grossly unfair to employees, while others vigorously defend the operational need for a flexible workforce. No matter where you stand in this debate – amendments to our employment legislation are imminent. The amendments are likely to have a significant impact on the employment status, remuneration and benefits of the non-permanent workforce. It is now critical for organisations to analyse the potential risks and consequences of the proposed changes to legislation to manage them effectively, going forward.

The proposed amendments and its impact on the non – permanent workforce

Labour Broking
Unlike the 2010 bills the 2012 bills no longer seek to ban labour broking in general. However, additional protection is proposed for employees that earn below the BCEA earnings threshold. With reference to these brokered resources a client of a labour broker may:

- be deemed to be the employer of a brokered resource if the resource is employed for longer than six months and is not rendering temporary work for the client
- be obliged to grant remuneration and benefits to a brokered resource deemed to be its employee, similar to the remuneration and benefits of the clients other employees doing the same work
- be liable for the unfair termination of employment and unfair labour practices related to the brokered resource.
Fixed Term Employees
The proposed amendments will impact the appointment of certain fixed term employees as follows:
• An employer will be permitted to employ an employee on a fixed term contract or successive fixed term contracts for up to six months.
• Employees employed on a fixed term contract for more than six months may be deemed to be permanently employed and must be treated not less favourable than an employee on an indefinite contract performing the same or similar work, unless there is a justifiable reason for treating the employee differently.
• An employer must provide an employee employed on a fixed term contract with the same access to opportunities to apply for vacancies as it would provide to an employee employed on an indefinite contract of employment.

Independent Contractors
The most common mistake made in independent contracting relationships is to contract out of employment law and tax provisions and regard the relationship as a legitimate exclusion of such provisions. Ignoring the tax and employment law consequences exposes companies to potential under deductions of PAYE, skills development and UIF levies, as well as legal liability for work related illness and injuries and labour disputes with disgruntled contractors.

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How does the Deloitte solution address the business issue?

Deloitte has developed a comprehensive solution to help organisations in identifying, calculating and managing the employment law risks associated with a non-permanent workforce.

The solution follows a phased approach:
1. Phase one involves a comprehensive review and analysis of all the non-permanent workforce appointments within the organisation
2. The second phase focuses on the identification of employment law risks, quantification of risks and equalisation of remuneration and benefits (if applicable) and recommendations to address and manage the risks
3. The third and fourth phases involve a strategic design of a tailor made solution and the creation of an implementation roadmap to address and manage the risks identified.

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Protection of Personal Information Solution

Challenges mining companies face
In October 2005 the South African Law Commission finalised its investigation into privacy protections and recommended a whole new law to deal with the protection of private and personal data. The recommended Protection of Personal Information Bill 2009 has recently been passed by Parliament, meaning it will shortly be binding law.

PPI requires all businesses that process personal information like names, addresses, email addresses, ID numbers, employment history, health data and the like to comply with the PPI law.

According to section 2 the purposes of the Bill are to:
• Give effect to the Constitutional right to privacy
• Regulate the manner in which personal information may be processed
• Provide persons with rights and remedies in order to protect their personal information
• Establish the Information Protection Regulator

In adoption of the EU model, PPI reflects 9 so-called information protection principles and details no less than 37 compliance areas.

An Information Protection Regulator has been created, and certain of the regulated matters include marketing, outsourcing, cross border flows of data and security. All businesses will also have to appoint Information Officers to monitor compliance. Non-compliance may result in criminal fines, civil liability and complaints to the Regulator.

In order to comply with the PPI provisions, businesses will have to implement significant changes to policies, procedures, controls, security, contracts and data management processes, to name a few.

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How does the Deloitte solution address the business issue?
The Deloitte PPI Solution includes the following modules:
• GAP analysis
• PPI compliance implementations
• Privacy and data protection strategy
• Training and awareness
• Building up an organisation-wide inventory and classification map of personal data
• Compliance with law enforcement requests
• Marketing and outsourcing programmes
• Cross border data transfers
• Building privacy controls into IT projects.

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Mining Shared Services
Mining Indaba
Collaborating for Sustainable Growth in Africa
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Deloitte Mining Shared Services

Challenges mining companies face
The mining sector is no stranger to boom and bust cycles. The global financial crisis has hit harder than most mining companies anticipated. Many companies now find themselves in a position of increasing production costs and high capital commitments, with lower commodity prices. As a result, cost management has been set as a top priority – not only as a way to offset softening commodity prices, but also in response to the ongoing high costs for development, materials and labour.

How does the Deloitte solution address the business issue?
The concept of Deloitte Mining Shared Services is to move all back office services to an integrated Deloitte environment. This will include:

- A pre-built ERP mining solution configured in either SAP or Sage X3
- Maintenance contract to continually enhance and maintain this solution and manage cost of ownership
- Financial transactional out/ co-sourcing for finance, payroll, HR and supply chain related processes
- Information technology outsourcing
- Tax, grant and incentive optimization services

In most mining companies the said activities are carried out from a number of different locations, performing the work in a variety of ways and using a range of systems. This unique service offering allows companies to focus on their core business while the non-core processes can be managed under a single service level agreement with Deloitte.

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