

PROFILE

LOCATION:
Northwest region of South Africa

POPULATION:
300,000

AREA:
540 square miles

CAPITAL:
Phokeng, 93 miles from Johannesburg

GEOGRAPHY:
Rolling bushveld plains broken by small hills

CLIMATE:
Temperate with hot summers and cool winters

NATURAL RESOURCES:
Platinum and associated minerals

INDUSTRIES:
Mining, engineering and tourism

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▶▶▶ WHEN DESCENDANTS OF THE SOTHO-TSWANA PEOPLE TRAVELLED SOUTH FROM CENTRAL AFRICA IN THE 12TH CENTURY, SOME SETTLED IN WHAT IS MODERN-DAY BOTSWANA AND ZIMBABWE. OTHERS, HOWEVER, JOURNEYED FARTHER SOUTH, FINALLY PUTTING DOWN THEIR ROOTS IN WHAT IS KNOWN TODAY AS THE ROYAL BAFOKENG NATION

Fertile land and visionary leadership key to stability

The Royal Bafokeng Nation (RBN) is a self-governed tribe of 300,000 people in the northwest province of South Africa. Having migrated there more than a thousand years ago, according to legend, they initially settled in the Rustenburg valley region. After a night in the forested valleys, the following morning the hills were covered in a thick dew, a clear sign of fertile land and thus the makings for a prosperous community. They settled in the area and called themselves Bafokeng, or, "people of the dew".

After an unstable period of war in the 19th century, the Bafokeng entered into a policy of land acquisition, as ownership of land now entailed its purchase, and

Afrikaner farmers, called Boers, had claimed complete ownership of the land. The then king, in an act of incredible foresight, sent the Bafokeng to work in the diamond mines in Kimberly to make money to buy back their lands. With the help of missionaries, they did so over a 20-year period, and later discovered their farms were rich in minerals, boasting the world's second-largest platinum deposits and other valuable platinum group metals.

Mining companies came to the area to demand underground rights to the land. The Bafokeng, however, own the surface rights, thus obliging the mines to pay annual royalties to the tribe and provide jobs, which has made them the richest community in all of Africa today. While the nation has never had corporate management over their mines, the royalties have been immensely profitable, making the RBN politically and economically influential in South Africa. The kingdom eventually formed Royal Bafokeng Holdings (RBH) to manage its mining interests.

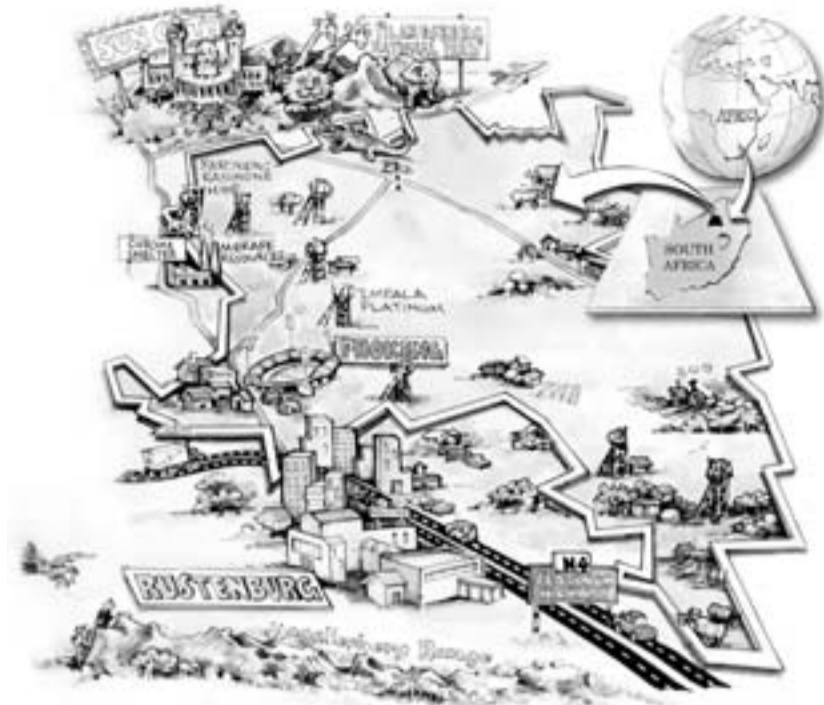
The kingdom likewise formed the Royal Bafokeng Administration (RBA) to work

as the principal administrative and developmental structure for the nation, whose tasks range from setting up welfare systems for senior citizens to creating youth development centers. Meanwhile, the Royal Bafokeng Economic Board (RBEB) was created to drive economic growth in the area.

The RBN has used the money to build schools, houses, roads, clinics, sports complexes, electricity and water reticulations and other infrastructures, all of which are planned and designed by the RBN with little help from the public sector. Over the last 20 years the kingdom has invested over \$280 million.

In August of 2003, King Leruo Molotlegi was enthroned as the 36th ruler, and he implemented Vision 2020, an economic and social development program designed to foster sustainable development. Through ambitious, multi-level strategies and an effective use of resources, the RBN hopes to create more jobs and transform the economy from resource-based to knowledge-based. "We want to move from a single resource, platinum, to a diversified resource base that continues to steward our natural assets but is underpinned by education," the king says. Vision 2020 envisages the kingdom as self-sufficient by the second decade of the 21st century and aims for the economic empowerment of individuals so that everyone will have the skills and the opportunity to be an employer or employed.

Plans also include rebalancing the kingdom's portfolio with a focus on more industry exposure and diversification. This variation in assets looks to generate a more stable cash flow to meet the



community's growing needs. The RBN is looking to expand into services, agriculture, new financial projects, and cultural and heritage tourism.

Tourism is a potentially lucrative market for the Bafokeng. First, they are conveniently located close to the Pilanesburg National Park and the Sun City and Lost City gaming and golf resorts, which both draw visitors to the region. As the RBN exploit their attractions, their tourism numbers could increase significantly. Similarly, the Royal Bafokeng Sports Palace hosts provincial, national and international

events, and there is a boom in accommodation construction. Training courses are under way to prepare a work force specialized in hospitality, and a heritage trail which covers key historical landmarks in the area is also being established.

Today the RBN's 44 farms span 70,000 hectares and are sub-divided into 72 dikgoro, or wards, which are regulated by a headman and his wife, proving that even after decades of changes, the kingdom is still able to maintain its traditional leadership structures and unique cultural identity.

AN INTERVIEW WITH THE KING OF THE ROYAL BAFOKENG NATION

'Our economic stability is underpinned by philosophy and education'

AS THE 36th King of the Bafokeng Nation (RBN) and the 15th direct descendant of a long lineage of monarchs, King Leruo Molotlegi is a Director of Royal Bafokeng Holdings (RBH), President of the Mineral Rights Association of Indigenous People of South Africa, and a key negotiator in the new mining legislation directed at fostering black participation. Here he sheds light on education and the future development of the RBN.

What should members of the international community know about the RBN?

We are a traditionally governed community with a global outlook. We value our heritage and culture but do not see that as an obstacle to forging ahead in a globalized world. Our values center on respect for humanity, but we are risk takers who believe in world-class standards and doing what it takes to achieve them.

How do you define your community's role within South Africa?

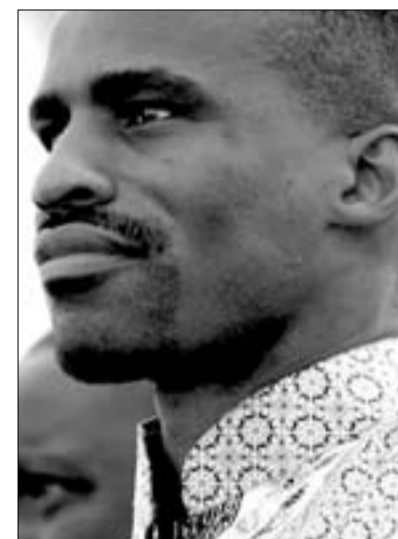
Both the international and the South African community find it difficult to understand what the RBN represents as a legal, political, economic and social entity. But as Bafokeng, we are South Africans and we must go out there and define our identity and mission in our own terms, and people who wish to engage with us will simply have to accept and understand us.

What is the RBN doing in terms of education?

We are launching an institute dedicated to developing human resources. Our challenges in education are related to poverty and unemployment. We provide scholarships so that young people can attend university, but we recognize a need to mentor them better as well. We hope to inculcate a new culture of learning to ultimately break the cycle of poverty.

What is the level of collaboration with your partners in developing the nation?

Our non-mining investments have a greater level of participation in community development than the mines. Problems have come about as a result of mining such as a lack of services, housing, water, health etc., and the mines say their job is to mine, not to fix problems. We believe it has to be holistic, and they are gradually beginning to come on board. With other companies, our primary goal is to see a return on investment, but we al-



KING LERUO MOLOTLEGI
36th Ruler of the Royal Bafokeng Nation

so want to build skills with these companies. For example, we own part of Astrapak which makes plastic containers. Our plan is that if the Bafokeng invest in Astrapak, they should provide money for bursaries to train our people in plastic engineering. We also asked them to set aside money for youth programs and training.

What were the main drivers behind the creation of Royal Bafokeng Finance, the RBN's financial department?

If you take our assets portfolio a year ago, 80 percent was mining and 20 percent was cash. We had to diversify so if platinum markets crashed, we would have sources of income to sustain development. Now we are looking at financial services and technology because we feel that there is growth potential, and it's around those sectors that we are building skills sets.

How do you plan to become interdependent with Vision 2020?

We want to be economically sustainable but this transformation is reinforced by our philosophy and educational goals. Being economically viable in the long run means being able to plug into the regional and national economy in significant ways, and also developing a vibrant small business community. Our people have the ideas and drive but not always the skills or access. By thinking about education in conjunction with small business development, as well as health and physical infrastructure, we hope to create an enabling environment for our people to take care of themselves and get out of this mindset of entitlement without the requisite knowledge sets.



Between the thrills of the exotic wildlife and the RBN's remarkable culture, heritage and hospitality, tourism is one industry which is truly taking off.



SUPPORTING THE COMMUNITY

A mine of expertise: RBH carefully manages the kingdom's assets

With abundant platinum and platinum-group metal reserves, RBH was formed to manage the region's valuable resources and to help diversify its commodity profile

ROYAL Bafokeng Resources, originally created to develop and manage the kingdom's mining-related assets, and the Royal Bafokeng Finance, formed to diversify and stabilize the tribe's investment income, eventually merged to form

Royal Bafokeng Holdings (RBH). Niall Carroll, the company's CEO, says, "There seemed to be logic in combining the structures to manage the kingdom's portfolio holistically and form a single investment entity and management team to improve the quality and efficiency of the investment management process."

RBH's primary functions include generating sustainable growth of the kingdom's resources, managing its mining interests, and supervising and expanding its non-mining related interests.

In its effort to bring variety to the Bafokeng's portfolio, RBH is looking at financial services, infrastructure and

telecoms as potential drivers of wealth creation and economic transformation. While Africa is rich in mining resources, the communities surrounding the deposits still need to be developed in terms of roads, power and telecoms. "We believe RBH has the potential to build major pan-African businesses in these fast growing sectors over the next five to ten years", says Mr. Carroll. It is in these sectors in particular that RBH's investment objectives, franchise, skills set and asset base are relevant.

In terms of mining, RBH handles all of the Bafokeng's assets, which include a 35.9 percent shareholding in SA Chrome and Alloys Ltd. and a 50 percent joint venture with Anglo American Platinum in the Bafokeng Rasimone Platinum Mine, where the estimated value for production over the next 40 years ranges from \$1.1 billion to \$2.2 billion. The Bafokeng also have a 9 percent shareholding in Impala Platinum Holdings Ltd., making them the largest shareholders in the company. About 70 percent of Impala's income comes from operations on the Royal Bafokeng Nation's land (RBN), and they pay the Bafokeng a 22 percent royalty.

RBH is considered to be one of South Africa's key black empowerment companies in the mining sector, encouraging partners in the industry to open up opportunities to small, medium and micro-sized enterprises (SMMEs) run by the Bafokeng people, while current mining legislation has provided opportunities in the resources sector. RBH gave the SMMEs \$4.8 million worth of business to exploit the land themselves.



Reaping the rewards: the RBN has an annual budget of some \$25 million, mainly drawn from mining royalties.



NIALL CARROLL
CEO of Royal Bafokeng Holdings (RBH)

At the same time, the tribe is looking for other ways to improve the distribution chain of their income stream. Plans for growth and expansion include forging relationships with international business partners in exploration, mining and beneficiation. Mr. Carroll says, "Because of the Broad-Based Black Economic Empowerment (BEE) Initiative in South Africa, many companies are looking to raise the level of black ownership. As a broad-based, black-owned business with good financial resources, RBH is an attractive investor for many companies, which is promising in terms of new partnerships."

Careful management of the kingdom's assets should ultimately fund social development programs such as Vision 2020. RBH thus acts as a distribution mechanism for the ethnic group with the goal of improving living conditions by providing adequate facilities for the region and generating employment. Mr. Carroll adds, "Our business directly impacts the well-being of 300,000 individuals. What we do has soul. We want to become the world's leading community-based investment company, which means we have to make money, but it's about far more than just the money, it's about the people."



Royal Bafokeng Nation



A nation steeped in history with a platinum future

The Bafokeng people of South Africa are members of the Setswana speaking community whose roots can be traced back to the 14th century. In 1834 the various factions of the Bafokeng community were unified to form one nation under Kgosi Mokgatle, Royal Bafokeng Nation (RBN). It was during the reign of Kgosi Mokgatle that RBN began to acquire land through the Bafokeng workers at the Kimberley diamond mine, which was discovered in 1867.

Kgosi Mokgatle also formed a friendship and alliance with Paul Kruger, a prominent Boer resistance leader and landowner who would eventually rise to the office of President of the Transvaal Republic. Through this friendship RBN was able to circumvent the ban on black land ownership by purchasing a farm in a joint venture with the Harmansburg Lutheran Missionary Society. Paul Kruger donated Kookfontein farm to the RBN.

Kgosi Mokgatle died in 1891 and left behind him a proud legacy that survives to this day. The modern RBN owns 60 farms across 2,200 square kilometers of land, supporting a nation of 300,000 people. The RBN's mining economy is largely based on the Merensky Reef, a rich mineral deposit discovered in 1925. The Reef yields an array of minerals and metals including gold, limestone, copper, iron, manganese, platinum, coal and aluminium. Other areas of the economy are centred on agriculture and the RBN's Historical and Cultural heritage.

Of the entities established to preserve Bafokeng prosperity, **Royal Bafokeng Administration (RBA)**, **Royal Bafokeng Economic Board (RBEB)** and **Royal Bafokeng Holdings (RBH)** are the most prominent. RBA is responsible for infrastructural development, municipal services, town and regional planning, property administration and environmental management. RBEB controls and plans all aspects of the economy and has played an important role in leading the RBN to its present day status as one of South Africa's leading economically active communities. Royal Bafokeng Holdings is responsible for the management and development of RBN's commercial portfolio. RBH has no individual shareholders and its primary purpose is to generate income for the developmental needs of RBN. RBH's Vision 2020 development plan will continue to support investment and expansion of areas such as education, health care, food security, job creation and housing. Bafokeng Human resource development institute will ensure that the Bafokeng children are fully developed and productive leaders of the future.

A Royal Success Story



Royal Bafokeng Administration



The Royal Bafokeng Nation

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