

# ILLEGAL MINING

## Fact sheet



**MINERALS COUNCIL**  
SOUTH AFRICA

*Formerly the Chamber of Mines of South Africa*



AngloGold Ashanti

“Illegal mining is often organised and carried out by crime syndicates.”

**Illegal mining is on the rise in South Africa and presents multi-dimensional challenges that need to be addressed from a range of perspectives with a collective multi-disciplinary approach.**

Illegal mining activities take place on the surface and underground, and manifest at closed off mines, abandoned mines and in many cases even at operating mines.

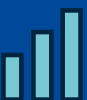
Illegal miners frequently risk their own health and safety, as well as that of others, by entering mostly abandoned shafts and sometimes operating shafts, travelling as far as 4km underground, where they live for several days at a time.

Illegal artisanal mining is often organised and conducted by crime syndicates. Illegal miners, known in South Africa as “zama zamas”, are often heavily armed and, when trespassing on operating mines, set ambushes and booby traps for employees, security and rival groups of illegal artisanal miners.

### SURGE IN ILLEGAL MINING



South Africa’s socio-economic environment is troubled, and there is an increase in unemployment, poverty and the entry of large numbers of illegal immigrants into the country.



Initially based on the surge in the gold price during the bull market of the first decade of this century, illegal mining remains profitable despite the fall in the US\$ gold price since 2011 and the rand gold price has held sufficiently steady.



Law enforcement agencies have limited resources to stem illegal mining, such as police, immigration, border controls and prosecuting authorities.

### QUICK FACTS

70%



of all arrested illegal miners are undocumented foreign nationals and predominantly from Lesotho

R7  
BILLION



annual estimated commercial value of illegal mining, and illicit dealings in precious metals and diamonds

Following the severe drought in 2016, the excessive use of water by zama zamas to process the gold-bearing material became apparent with direct impacts on local communities.

Illegal miners openly flout personal health and safety to open cement-plugged shafts with explosives on abandoned mines or live underground for extended periods of time, without necessary protective gear, once they have gained access to operating mines. The zama zamas then pose severe risks to legitimate mine employees, safety protocols, shaft infrastructure and stability, equipment, and ultimately the business.

Primarily as a result of their illegal mining activities feeding into the illicit trade of precious metals and diamonds, coupled with the lucrative high financial returns, compared to routine lawful employment, these zama zamas continue risking their lives, and the lives of others, even though the real economic value of their efforts is not realised. This has created a lucrative secondary informal syndicate market supplying other commodities, which include food, liquor, prostitutes and mail, among others.

Because they serve organised crime bosses, the miners taking these risks do not often realise the real value of their efforts as the crime bosses take the bulk of the profits. The illegal mining market is a well-managed, five-tier syndicate system.

The Minerals Council South Africa (Minerals Council) has recognised that the only way to deal with the problem is to focus on the supply and demand side of illegal mining – all five levels of the syndicates need to be addressed.

While local police and mine security deal with the first two tiers, the Minerals Council, assisted by the Standing Committee on Security (SCOS), the South African Police Service (SAPS), the National Co-ordinating Strategic Management Team (NCSMT) and the Department of Mineral Resources, is working to identify and deal with the next three levels that constitute the buyer market nationally and internationally. This work is undertaken hand-in-hand with international agencies such as the United Nations Interregional Crime and Justice Research Institute (UNICRI), European police, Interpol and international embassies.

The Minerals Council's long-established SCOS deals with all issues relating to security at mines and product theft from mines on behalf of the members. The SCOS led to the establishment of the multi-stakeholder National Precious Metals Forum (NPMF) over a decade ago. The NPMF consisted of representatives of mining companies, the Minerals Council, SAPS (various branches and its forensic science laboratory), the South African Precious Metals and Diamonds Regulator, Rand Refinery and the National Prosecuting Authority. In 2014, the NPMF was replaced by the NCSMT, which is chaired by the National Intelligence Co-ordinating Committee.

## The illegal artisanal mining market is a well-managed five-tier system.

### 1<sup>st</sup> Tier

The underground workers, mostly illegal immigrants, do the physical mining. Many have worked in the mines previously. They use chemical substances to primitively refine the product.

### 2<sup>nd</sup> Tier

The buyers on the surface around the mines also organise the first-tier illegal miners, and support them with food, protection and equipment.

### 3<sup>rd</sup> Tier

The regional bulk buyers, in most cases, have permits issued in terms of the Precious Metals Act 37 of 2005 to trade in precious metals.

### 4<sup>th</sup> Tier

The national and sometimes international distributors use front companies or legitimate exporters.

### 5<sup>th</sup> Tier

The top international receivers and distributors usually work through international refineries and intermediary companies.



ILLEGAL ARTISANAL MINING HAS A RANGE OF NEGATIVE SOCIAL AND FINANCIAL IMPACTS:



**STANDING COMMITTEE ON SECURITY/NATIONAL PRECIOUS METALS FORUM INITIATIVES INCLUDE:**

- **Establishing a precious metals fingerprinting database at SAPS forensic laboratories**
  - Formal agreement between the Minerals Council, mining companies and the SAPS
  - In terms of Precious Metals Act, samples must be submitted every six months or when requested
  - Determine origin of gold/platinum
  - Highlights problem areas/trends
- **Creation of a special investigative task force**
  - Includes mining companies and SAPS
  - Investigates syndicate activity at national and international level
  - Works with international agencies (such as UNICRI, European police and Interpol) and international refineries
  - Joint operations are still conducted on an ad hoc basis and when necessary between mine security and the SAPS National Task Team

“Illegal miners frequently risk their own health and safety as well as that of others.”





## OTHER NATIONAL AND INTERNATIONAL INITIATIVES

When illegal mining was identified as a national threat in South Africa, the NCSMT was convened to co-ordinate government's efforts against illegal mining in South Africa and beyond.

South Africa and the Russian Federation have since engaged in talks with UNICRI and the United Nations Office on Drugs and Crime (UNODC) to develop a global strategy to assist in dealing with the phenomenon. This initiative will bring together all the different national, regional and international public and private actors, and design a common strategy to disrupt the value chain of these syndicates on all tiers.

In April 2013, South Africa tabled a resolution to combat transnational organised crime and possible links to the illegal mining of precious metals. In July 2013, at the 22<sup>nd</sup> session of the UNODC Commission on Crime Prevention and Criminal Justice in Vienna – co-sponsored by Russia, Zimbabwe, Namibia, Ghana, Belarus and Colombia – the resolution was adopted by the United Nations Economic and Social Council (ECOSOC). The growing involvement of organised criminal groups, as well as the substantial increase in the volume/rate of transnational occurrences and range of offences related to the illegal mining of precious metals in some parts of the world is ECOSOC's concern. The resolution further stressed the need to develop comprehensive, multi-faceted and coherent strategies and measures, including reactive and proactive measures, to counter illegal mining.

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 AngloGold Ashanti

## CONTACT DETAILS

### MINERALS COUNCIL SOUTH AFRICA

T +27 11 498 7100  
E [info@mincosa.org.za](mailto:info@mincosa.org.za)

### MEDIA

T +27 11 880 3924  
E [mincosa@rasc.co.za](mailto:mincosa@rasc.co.za)

 @Mine\_RSA

 [www.facebook.com/Mine](https://www.facebook.com/Mine)

5 Hollard Street, Johannesburg 2001  
PO Box 61809, Marshalltown 2107

[www.mineralscouncil.org.za](http://www.mineralscouncil.org.za)

## LOOKING AHEAD

Notwithstanding the challenges experienced in addressing the complexity of illegal mining and the transnational trafficking of precious metals and diamonds, no single stakeholder can address the challenge of illegal mining on its own – collaboration is key. The past year has seen a new trend in illegal mining encroaching on the diamond fields of Kimberley as well as chrome mining in Limpopo. Evidence of illegal mining in the coal industry has also become apparent. The mining industry, individually and through the Minerals Council, remains committed to working with other stakeholders to address this serious challenge.