



MINERALS COUNCIL
SOUTH AFRICA

MINING MATTERS

To South Africa and its people

Snapshot 2023:



Introduction

Mining Matters to South Africa and its people.

The mining industry makes a difference in the lives of employees, communities and the country by paying taxes and royalties, providing jobs and benefits, providing education and training to employees and communities, and by investing in social projects and infrastructure.

In 2023, women comprised 19% of the total full-time workforce.

A survey of one year of reports from 12 of Minerals Council members across five commodities estimates that mining companies spent more than R5.18 billion on training and development in a single financial year with an estimated value of between R23,279 and R41,478 per full-time employee.

Minerals Council members also spent an estimated R3.9 billion on social investment programmes in mining communities in 2023 in efforts to improve community members' quality of life.

Mining is a long-term investment play, through market and economic cycles. It is imperative that there is a stable and predictable environment in relation to factors that can be controlled, such as legislation and critical and enabling infrastructure. Within such an operating environment in South Africa, mining is a growth industry that can perform to deliver on many expected areas of society. The Minerals Council and its members are actively involved with the Presidency and organised business to address energy, transport and crime and corruption to arrest the decline in the mining industry's performance and enable a vision for growth of the sector and the South African economy, and to create meaningful jobs and provide for a life with dignity and hope.

During the COVID-19 pandemic in 2020 and 2021, the mining industry collaborated with the government for the early and safe return mineworkers to their jobs, protecting their lives and livelihoods as well of those of their families. The mining industry made vitally important contributions to the fiscus.

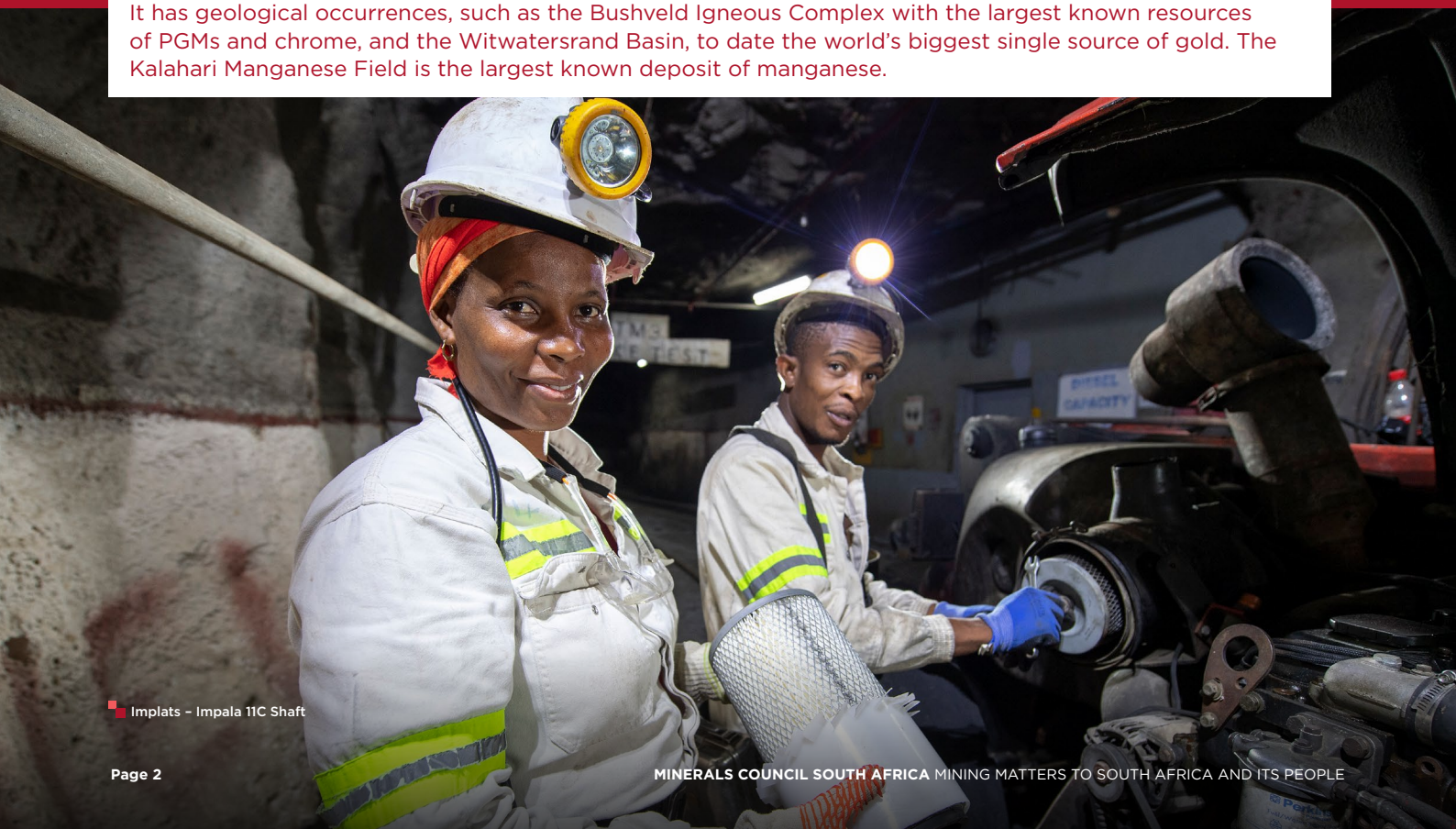
Nonetheless, while we have experienced reversals of the growth of production and revenues we are gratified that the big picture shows growth in important spheres. This is the case most notably in employee earnings and taxes paid.

The mining industry has for decades been considered a flywheel of the South African economy, and it remains a major contributor to the economy today.

In 2023 it contributed 6.2% to the country's GDP. In the four main mining provinces, the North West Province, Limpopo, Mpumalanga and the Northern Cape, mining was the largest economic sector, contributing 20% to 30% of those provinces' GDP.

South Africa holds the world's largest reported reserves of gold, platinum group metals (PGMs), chrome ore and manganese ore, and the second-largest reserves of zirconium, vanadium and titanium.

It has geological occurrences, such as the Bushveld Igneous Complex with the largest known resources of PGMs and chrome, and the Witwatersrand Basin, to date the world's biggest single source of gold. The Kalahari Manganese Field is the largest known deposit of manganese.

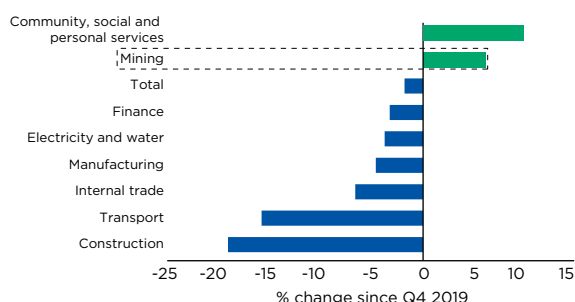


Employment

Mining employment has defied the local and international poor economic conditions. Employment grew by more than 1.6% in the difficult year of 2023, exceeding the 1.3% increase in total formal sector employment (excluding mining and agriculture).

Even more remarkably, besides the community, social and personal services sector, mining is the only major sector where the level of formal employment was higher than the pre-COVID-19 period of Q4 2019.

Formal non-agricultural employment trends



Source: Stats SA, Minerals Council





In 2023 total employee compensation amounted to
R186.5 billion
 compared to R174.2 billion the previous year.

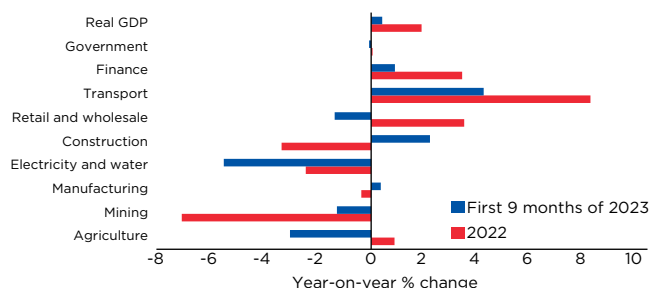


Mining GDP trends

Besides the easing in global growth momentum, several domestic constraints continued to weigh on South African mining production. The strain on the sector was highlighted by Stats SA's Q3 2023 real GDP data. This showed that in real terms mining sector output contracted by 1.3% in the year to September 2023. This decline follows a steep contraction of more than 7% in 2022. Mining was one of only two of the major sectors in the economy where output (measured year-on-year) declined in 2022 and again during the first three quarters of 2023.

Amid record load-shedding in 2022 and a further deterioration in energy availability during 2023, electricity and water is the only other sector where output declined in both 2022 and during 2023. This again emphasises the close correlation between the (un)availability of power in South Africa and mining production. In October 2023, the levels of electricity and mining production were both still around 6% down on the pre-COVID-19 level in December 2019.

Mining GDP underperformed all other sectors since 2022



Source: Stats SA, Minerals Council



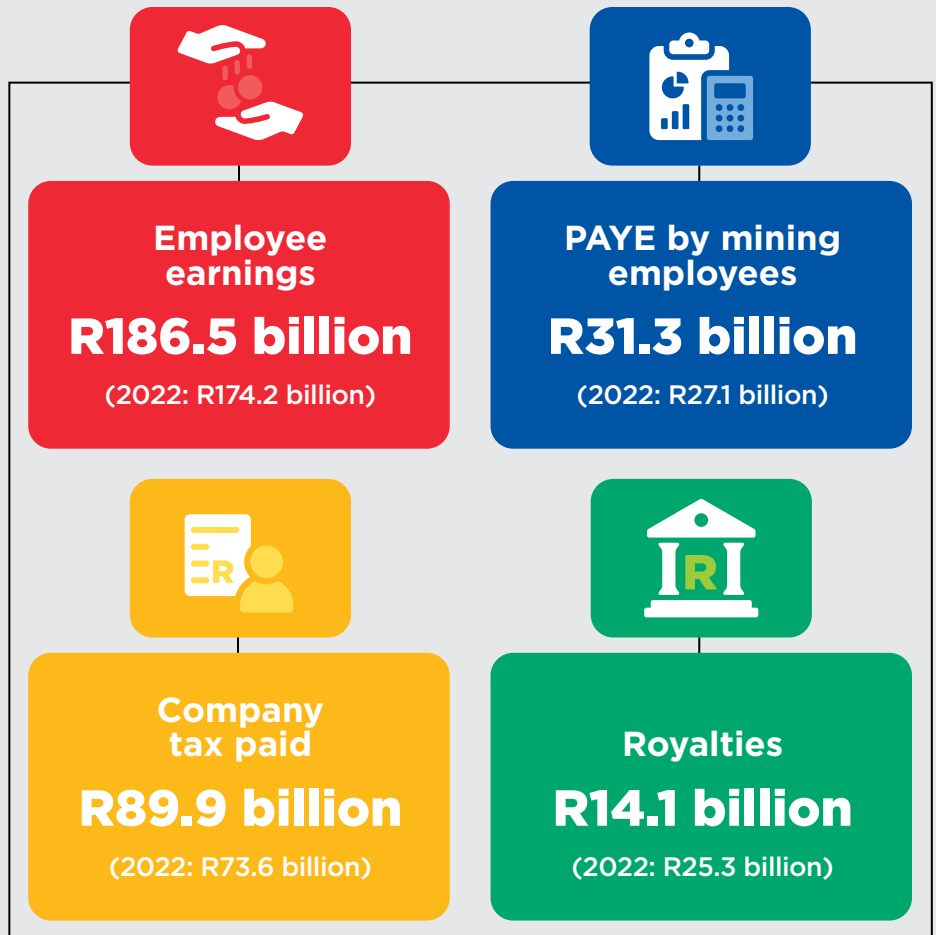
Taxes

Payments to the fiscus in 2023 increased in almost all respects compared with the previous year.

Company taxes paid increased by 22% to R89.9 billion. PAYE paid by mining employees increased by 15% to R31.3 billion.

The exception was royalties which fell by 44% to R14.1 billion. This was largely a consequence of lower production and company profits during the year.

Nonetheless, the total of these taxes showed an overall increase of 7% despite the adverse operating and market conditions.



Just transition

The mining industry has been the backbone of the South African economy by making electricity generation possible. The industry currently produces some 230 million tonnes of coal annually. A significant proportion of that contributes to power generation through Eskom's coal-fired power

stations, and to South Africa's significant petrochemical industry.

The industry recognises the adverse contribution to global warming of fossil fuels, however. And we have been in the forefront of investing in renewable energy, particularly in wind and solar power plants. A number of our coal companies now consider themselves energy companies

with an increasing focus on renewable power generation.

More than 100 projects in the private sector amounting to over R150 billion, representing about 9,300MW of new generation capacity, are now at various stages of development.

Of these projects 7,500MW will be built by the mining industry.



Pan African Resources - Solar

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