# OUR OPERATING CONTEXT

## KEY FEATURES:

## Economic and market drivers of competitiveness

### The South African mining industry in 2025

The South African mining industry operated in a complex domestic and global environment during 2025, characterised by structural infrastructure constraints, evolving regulatory reform and intensifying global climate transition pressures.

Mining remained a foundational contributor to the economy, supporting employment, export earnings and fiscal revenues, and continuing to underpin industrial development through its strong multiplier effects.

Global economic conditions were characterised by uneven growth, persistent geopolitical uncertainty and shifting trade dynamics. These factors influenced commodity demand and price volatility, resulting in divergent performance across mineral value chains during the year.

Global decarbonisation trends continued to reshape commodity demand patterns. Platinum group metals, manganese and other transition-critical minerals remained central to electrification, energy storage and low-carbon technologies, while traditional revenue anchors faced margin pressure.

Overall mining output registered only marginal growth in 2025, masking contrasting trends across commodities. Declines were most evident in platinum group metals, gold and coal, while growth was recorded in selected bulk commodities and diamonds. These outcomes reflected a combination of market conditions, operational disruptions and infrastructure constraints.

At a domestic level, mining competitiveness was influenced less by geology and more by structural factors. Investment decisions remained highly sensitive to regulatory certainty, infrastructure reliability and cost stability, particularly for energy-intensive and export-oriented operations.

Despite these constraints, the mining industry continued to make a material contribution to economic activity. Total primary sales amounted to R861.1 billion, mineral exports reached R816.1 billion, and the industry supported average employment of 470,457 people, underscoring its continued economic significance.

### Global positioning and critical minerals in the market context

South Africa's mining industry occupies a globally significant position, underpinned by an extensive and diverse mineral endowment. These endowments position the sector as an important participant in international commodity markets and global supply chains supporting the energy transition.

As demand for transition critical minerals accelerates, South Africa operates within an increasingly competitive global landscape characterised by heightened focus on supply security, diversification and responsible sourcing. For mining jurisdictions, this environment places growing emphasis on regulatory coherence, infrastructure reliability, environmental stewardship and predictable policy implementation as key determinants of investment decisions and market access.

In 2025, South Africa's hosting of the G20 elevated international attention on the country's economic reform trajectory, infrastructure performance and approach to climate transition. For the mining industry, this global platform underscored South Africa's relevance within critical minerals supply chains and reinforced the interdependence between domestic operating conditions and global market credibility.

The adoption of the G20 Critical Minerals Framework further sharpened global focus on secure, transparent and diversified mineral supply. This context increased scrutiny of countries with significant mineral potential, including South Africa, and amplified expectations regarding regulatory effectiveness, institutional stability and the consistent delivery of reform commitments.

Collectively, these dynamics reinforce the role of mining as a key contributor to national economic development through employment, export earnings, fiscal revenues and broader multiplier effects. At the same time, global market positioning increasingly depends on the alignment between mineral potential and the enabling economic, infrastructure and policy conditions required to convert that potential into sustained growth and competitiveness.

### Junior and emerging miners

Junior and emerging miners are a critical component of exploration activity, industry renewal and long term competitiveness. Their participation in the mining economy is shaped by prevailing market conditions as well as structural and administrative barriers.

Funding constraints, regulatory complexity and administrative delays present significant challenges to entry and scale for smaller and early stage operators. These barriers affect the pace of exploration investment, the diversity of market participation and the sustainability of the future project pipeline.

Within the broader economic context, the conditions facing junior and emerging miners are therefore material to the sector's ability to sustain exploration momentum, broaden participation and support long term resilience and competitiveness.


## Infrastructure constraints and operational resilience

Infrastructure performance remained one of the most significant determinants of operating conditions in 2025. Constraints across electricity supply, logistics networks and water infrastructure continued to affect production planning, operating stability and the global competitiveness of South African mining operations.

Electricity availability improved relative to previous years; however, electricity costs remained a material constraint. Sustained above-inflation tariff increases over an extended period have fundamentally altered the cost base of mining and mineral processing, with particularly severe implications for energy-intensive smelting and beneficiation activities.

Logistics performance, especially rail and port efficiency, continued to constrain export capacity and revenue realisation. Limitations across bulk commodity corridors and port throughput reduced the industry's ability to respond fully to global demand, directly affecting realised production and export volumes.

Water security remained a material operational and social consideration in several mining regions. Interruptions in bulk water supply and weaknesses in municipal service-delivery capacity highlighted vulnerabilities in regional systems, reinforcing the importance of reliable water governance for both mining operations and host communities.

In response to these systemic constraints, mining companies continued to strengthen site-level operational resilience. Investment in embedded renewable energy expanded materially, with installed capacity across member companies reaching approximately 6.5 GW, contributing to improved security of supply and reduced exposure to grid instability.

While these investments enhanced operational resilience, long-term competitiveness remains dependent on broader structural reform to stabilise national electricity, logistics and water systems.

**CASE STUDY**

### Energy competitiveness and the ferrochrome sector

Linked SDGs:


Capitals contribution:

South Africa's ferrochrome sector is historically a global leader in value-added mineral processing. It has faced acute pressure during the reporting period due to sustained electricity tariff escalations. Electricity tariffs have increased by a compound rate of more than 900% since 2008, fundamentally altering the cost structure of energy-intensive operations.

As a result, many ferrochrome furnaces have been placed on care and maintenance, threatening employment, industrial capacity and downstream beneficiation. The issue was frequently mischaracterised as a resource-supply issue rather than an input-cost competitiveness issue.

The Minerals Council actively engaged government, Eskom and relevant stakeholders to advocate market-based pricing solutions that address the root cause: energy affordability. Through economic modelling and impact assessments, the Minerals Council demonstrated the significant fiscal and employment benefits of retaining domestic smelting capacity, compared to the long-term cost of industrial decline.

In parallel, the Minerals Council also engaged on broader policy proposals affecting ferroalloy competitiveness, including proposals to impose chrome and manganese ore export taxes or export quotas. These proposals were assessed in the context of declining global demand, rising input costs and constrained domestic beneficiation capacity. The Minerals Council worked with producers to ensure that policy discussions were informed by fact-based analysis, highlighting the risk that poorly designed export restrictions could further undermine sector viability without addressing core competitiveness constraints.

Alongside this advocacy, member companies accelerated renewable energy investments, with multiple large-scale solar and wind projects progressing. Several mining companies are targeting up to 60% self-generation capacity by the end of the decade, contributing to cost stability while lowering operational emissions.

This case study illustrates the intersection between industrial policy, energy reform and national competitiveness, and the importance of evidence-based advocacy in safeguarding strategic economic sectors.

# OUR OPERATING CONTEXT CONTINUED

## Our numbers show and tell the story*

**Industry turnover (1.1%)**
**R1.1 trillion**
(2024: R1.08 trillion)

**Direct GDP contribution (current prices)****
**R477.1 billion**
(2024: R442.7 billion)

**Percentage contribution to GDP**
**6.2%**
(2024: 6.0%)

**Total primary sales (7.3%)**
**R861.1 billion**
(2024: R802.7 billion)

**Mineral exports (5.5%)**
**R816.1 billion**
(2024: R773.6 billion)

**Employment# (-0.6%)**
**470,457**
(2024: 473,484)

**Employee earnings (1.4%)**
**R200.2 billion**
(2024: R197.4 billion)

**PAYE by mining employees* (2.5%)**
**R37.0 billion**
(2024: R36.1 billion)

**VAT (payments)* (2.4%)**
**R22.1 billion**
(2024: R21.6 billion)

**Company tax paid^ (10.1%)**
**R48.0 billion**
(2024: R43.6 billion)

**Royalties* (10%)**
**R17.6 billion**
(2024: R16.0 billion)

*Source: Statistics South Africa (Stats SA), Department of Mineral and Petroleum Resources (DMPR), South African Revenue Service (SARS)*

* 2025 refers to the 2024/25 financial year ending in March 2025; 2024 refers to the 2023/24 financial year.
** Based on current market prices.
# Full-year employment.
^ Based on fiscal not calendar year.

*For more information on the performance of the mining industry in 2025, download our annual Facts and Figures pocketbook here.*

Palabora Mining Company

## Social expectation and institutional stability

The operating environment for South Africa's mining industry in 2025 was shaped not only by economic and infrastructure conditions, but also by heightened social expectations, institutional capacity and global visibility. These factors increasingly influence the industry's social licence to operate, credibility with stakeholders and long term competitiveness.

### Heightened expectations and accountability

Rising global visibility has been accompanied by heightened expectations from a broad range of stakeholders, including governments, investors, communities and civil society. These expectations extend beyond economic performance to encompass environmental management, social outcomes, governance standards and institutional effectiveness.

Institutional capacity, particularly at national and local government level, remains an important contextual factor influencing stakeholder confidence and operational stability. The ability to align policy intent with effective implementation, supported by reliable infrastructure and predictable regulatory administration, is increasingly central to maintaining South Africa's credibility as a competitive mining jurisdiction.

Within this environment, the mining industry's long term contribution to inclusive growth and industrial development is closely linked to broader institutional performance and social outcomes. Sustained alignment between policy reform, infrastructure delivery, investor confidence and societal expectations will remain critical determinants of future competitiveness.

## Outlook

Sustained growth and competitiveness remain central to the long-term viability of South Africa's mining industry. In 2025, the operating environment reinforced the reality that geological endowment alone is insufficient to attract and retain capital. Investment competitiveness is increasingly determined by regulatory predictability, infrastructure reliability, cost stability and policy coherence.

Looking ahead, South Africa's GDP is expected to grow from 1.4% in 2025 to 1.6% in 2026. Global GDP growth in 2026 is expected to approximate 3.3%. The United States economy is projected to expand by 2.4%, up from 2.1% in 2025. China and India are expected to grow by 4.5% and 6.4%, respectively. These economies remain key export markets for South Africa's mineral commodities and will materially influence demand conditions.

Bathopele Platinum Mine

# OUR OPERATING CONTEXT CONTINUED

## Our policy agenda

The policy and regulatory environment remained a central determinant of operating certainty and investment confidence for the mining industry in 2025. Ongoing legislative reform, evolving compliance requirements and heightened expectations regarding regulatory effectiveness continued to shape the industry's growth outlook and competitive positioning.

The publication of the MRD Bill marked a significant milestone in the reform agenda, reinforcing the importance of regulatory clarity, security of tenure and predictable implementation as foundations for long-term capital allocation and exploration investment.

In parallel, labour and transformation regulation advanced through the commencement of the EE Amendment Act and the publication of the EE Regulations, 2025. These reforms introduced a more prescriptive compliance framework for designated employers, including mandatory five-year EE Plans aligned to sectoral targets and the national economically active population (EAP) profile, with full alignment expected by 2030.

Across the operating context, regulatory change underscored the importance of administrative efficiency in licensing and compliance processes, as well as coherent, risk-based implementation that recognises skills pipeline constraints in specialised and technical roles.

1

### Mineral rights and access

## CASE STUDY

### Responding to the draft MRD Bill: Protecting regulatory certainty

Linked SDGs:


Capitals contribution:

In 2025, the publication of the proposed amendments to the MPRDA marked one of the most critical policy developments affecting the mining industry in recent years. The proposed amendments raised significant concerns across the industry relating to regulatory clarity, security of tenure, beneficiation requirements, ministerial discretion and the alignment of the Act with broader economic and transformation frameworks.

The Minerals Council mobilised swiftly and comprehensively. Working closely with legal experts, member companies and policy specialists, the Minerals Council undertook a technical review of the MRD Bill. A detailed submission was prepared and presented to the DMPR, highlighting five principal areas of concern: security of tenure, regulatory ambiguity, administrative discretion, investment risk and competitiveness.

Beyond the formal submission, the Minerals Council engaged extensively, through structured dialogues with government representatives and policymakers, advocating amendments that support long-term investment, exploration growth and employment creation. The approach was constructive and solution-oriented, emphasising alignment with South Africa's developmental objectives while safeguarding investor confidence.

This intervention underscores the Minerals Council's role as a stabilising force within the policy environment, ensuring that reform strengthens rather than undermines the industry's contribution to economic growth. The outcome of this process will be pivotal in shaping South Africa's attractiveness as a mining destination over the coming decade.

2

## Health and safety

**Health and safety performance in 2025 was defined by both measurable progress and structural reform. While long-term trends reflect sustained reductions in occupational disease and exposure levels, the industry also implemented a strengthened safety architecture under Khumbul'ekhaya 2.0, repositioning safety as a predictive, leadership-led and data-enabled system.**

### Occupational health regulatory framework

The Occupational Diseases in Mines and Works Act (ODMWA) is the principal act governing compensation for occupational lung diseases (OLDs) such as silicosis and occupational TB in the mining industry. ODMWA is outdated, and the Department of Health (DOH) has, for some years, been proposing to change ODMWA to align with current global compensation frameworks.

The Minerals Council supports and advocates for the reform ODMWA. In the interim, it continues to support improvements in the operational efficiency of the Medical Bureau for Occupational Diseases and the Compensation Commissioner for Occupational Diseases in Mines and Works (CCOD), contributing to more timely processing and payment of claims to mineworkers.

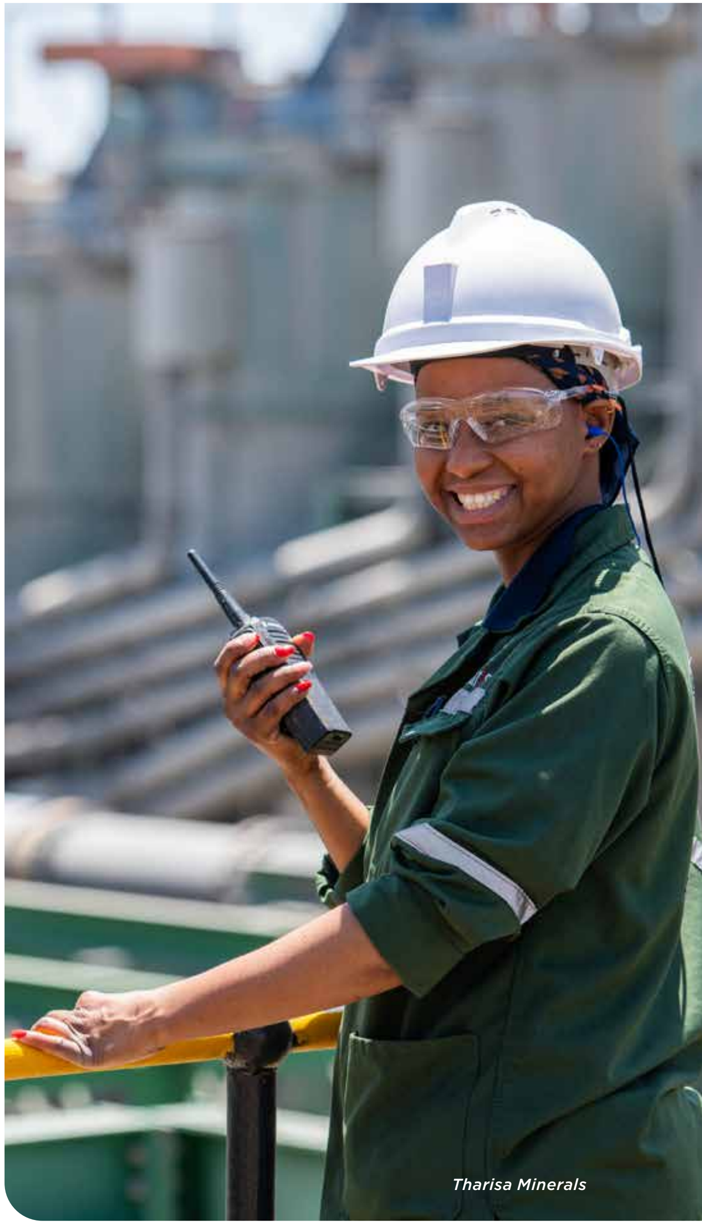
### Noise and dust

Amendments to the Occupational Exposure Limits (OELs) for airborne pollutants were promulgated on 28 March 2025, with mines required to comply with the revised limits by 27 June 2025. In preparation for statutory reporting to the DMPR, mines are aligning their 2026 sampling programmes with the updated OELs. The Minerals Council also contributed to the review of personal noise exposure classifications, which remains an ongoing process.

### Trackless Mobile Machinery (TMM) regulatory implementation

Implementation of the TMM Regulations remains a material health and safety policy issue for the mining sector, with progress constrained by technical readiness, regulatory alignment challenges and varying levels of maturity across mines and technology providers.

During the year, collaborative industry efforts focused on addressing priority implementation challenges, promoting a differentiated, risk-based approach reflecting differing mine circumstances. Engagement to support consistent interpretation and application of the regulations across inspectorate regions remains ongoing, alongside continued collaboration to strengthen technology-enabled risk reduction.



*Tharisa Minerals*

# OUR OPERATING CONTEXT CONTINUED

3

## Transformation and skills development

**Transformation remains both a constitutional imperative and a strategic priority for the South African mining industry. In 2025, the transformation discourse was significantly shaped by regulatory reform, labour market realities and ongoing debates regarding the pace and practicality of implementation.**

**Transformation debates moved beyond compliance towards structural questions of talent supply, institutional alignment and policy coherence. The industry's ability to advance inclusive growth will depend on bridging regulatory intent with operational reality, ensuring that transformation is both measurable and sustainable.**

### Employment equity

The commencement of the EE Amendment Act on 1 January 2025 and the publication of the 2025 Regulations, introduced a more prescriptive compliance architecture for designated employers, now defined as organisations employing 50 or more employees. The amended framework requires the development of five-year EE Plans aligned to sectoral numerical targets and the national EAP, with full alignment expected by 2030.

For the mining industry, the regulations establish specific targets across upper occupational levels, including senior management, professionally qualified and skilled technical categories. While the regulatory objective is to accelerate transformation and strengthen accountability, industry-level engagements during the year highlighted persistent structural constraints affecting implementation.

## CASE STUDY

### Employment equity and HRD research

Linked SDGs:

3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

17 PARTNERSHIPS FOR THE GOALS

Capitals contribution:

In 2025, the Minerals Council conducted industry research to assess EE and HRD progress in the absence of independent Mining Charter verification since 2019. Data submitted by 96 mining rights holders represented approximately 52% of the mining workforce. While aggregate results suggest that historically disadvantaged South African (HDSA) representation meets Charter targets across most occupational levels at face value, alignment with EAP-adjusted targets indicates shortfalls at senior management level. Female representation increased marginally to 21% of the workforce, with continued underrepresentation at senior and junior management levels, while representation of employees living with disabilities remained below the 1.5% target.

HRD spend averaged just over 6% of payroll during the 2024/25 reporting period, exceeding Mining Charter requirements. Investment focused primarily on bursaries, learnerships and science, technology, engineering and mathematics (STEM) programmes, with 95% of training beneficiaries being HDSAs. Despite this, skills shortages persist in specialised and technical roles, highlighting that transformation maturity depends less on aggregate representation and more on strengthening leadership pipelines and targeted progression into decision-making roles.

## Skills development

South Africa's skills development policy landscape evolved significantly in 2025, with reforms aimed at strengthening governance and improving alignment between training outcomes and labour-market needs. Government began restructuring the Sector Education and Training Authorities (SETAs) through the appointment of new Accounting Authorities, while also introducing the Draft National Qualifications Framework (NQF) Further Amendment Bill. The Bill proposes a more integrated and tightly regulated qualifications system, including clearer ministerial oversight, stronger qualification verification mechanisms and enhanced coordination through the Quality Council for Trades and Occupations.

Business broadly supports the intent of the proposed reforms, particularly measures to strengthen quality assurance, address fraudulent qualifications and clarify institutional roles across the NQF system. Stakeholders emphasise that the final legislation should reinforce system credibility while enabling growth, innovation and the creation of decent work.

The Draft SETA Grant Regulations gazetted in 2025 introduced tighter administrative controls, revised timelines for mandatory grant submissions and a stronger compliance focus in the management of skills-development funds. These draft regulations remain under discussion at the National Economic Development and Labour Council (NEDLAC), where social partners are considering their alignment with the national skills strategy, and potential implications for labour-market stakeholders.

Following consultation with its members, the Minerals Council submitted written input raising concerns about aspects of the proposed framework, including the criteria for mandatory grant claims, the level of administrative costs allocated to SETAs and the continued complexity and bureaucracy that affect the efficiency of the skills development system.

Skills shortages remain particularly acute in technical and specialised disciplines, including engineering, geology and emerging digital competencies. The industry also continues to face retention challenges associated with remote operational environments and highly competitive global demand for scarce technical expertise. In several areas, transformation progress is influenced not by unwillingness but by limited expansion of the available, suitably qualified talent pool. This has resulted in recycling of existing talent rather than sustained broadening of representation.

*Petra Diamond Mine*

# OUR OPERATING CONTEXT CONTINUED

4

Environment and sustainability

**Environmental stewardship in 2025 was characterised by structured regulatory engagement and advocacy focused on environmental governance, resource management and regulatory alignment across the mining industry. Through detailed technical submissions, policy engagement and stakeholder consultations, the Minerals Council sought to ensure that regulatory frameworks remain practical, scientifically grounded and aligned with South Africa's economic and environmental priorities. Key engagements during the year included:**

## Carbon tax and carbon market reforms

The Minerals Council continued to monitor developments in carbon pricing and market-based decarbonisation instruments. The Minerals Council engaged with National Treasury, the Department of Forestry, Fisheries and the Environment (DFFE) and other stakeholders to support alignment between environmental regulatory frameworks and emerging climate policy instruments, and to avoid unnecessary regulatory duplication or uncertainty for mining operations.

## Environmental regulatory alignment

Detailed submissions on proposed amendments to environmental legislation, including Environmental Impact Assessment regulations under the National Environmental Management Act (NEMA) and the National Environmental Management: Waste Act. The Minerals Council supported the recognition of mine residue deposits as a mineral resource rather than waste but raised concerns about ambiguous terminology that could undermine the One Environmental System and introduce regulatory uncertainty. The Minerals Council advocated clearer definitions, risk-based regulatory approaches and alignment with existing environmental management frameworks to avoid duplication and unnecessary.

## Water regulation and licensing reform

The Minerals Council engaged with the Department of Water and Sanitation (DWS) on matters relating to the National Water Act, the Water Services Bill, water-use licensing and broader water stewardship considerations. This engagement emphasised a risk-based approach to water-use licensing that differentiates between activities posing significant pollution risks and those with minimal environmental impact.

## Global sustainability standards and industry frameworks

The Minerals Council engaged on emerging global mining standards, including the Initiative for Responsible Mining Assurance (IRMA) Standard Version 2.0 and the International Council on Mining and Metals (ICMM) Consolidated Mining Standard. Engagement emphasised alignment between global standards and national regulatory frameworks, avoiding duplication of compliance requirements and ensuring proportionality and feasibility across operations of varying scale. Attention focused on areas such as supply chain due diligence, tailings management, climate reporting and community consultation.

In addition, the Minerals Council worked with members to support the development of biodiversity targets and reporting under the Global Biodiversity Framework that align with industry practice while recognising South Africa's legal and regulatory context. This approach seeks to balance ecological sustainability with economic growth, supporting responsible mineral development and long term investor confidence.

## Tailings, waste and environmental regulation

The Minerals Council supported alignment between SANS 10286 and the ICMM Global Industry Standard on Tailings Management (GISTM) to promote consistency with international safety standards.

In addition, the Minerals Council encouraged the adoption of responsible tailings management practices aimed at mitigating potential safety and environmental risks.

5

## Climate and energy

**In 2025, global and domestic climate and energy policy developments continued to shape the mining industry against the backdrop of a constrained national electricity system. Throughout the year, the Minerals Council's focus remained on strengthening operational resilience, aligning policy with the country's mitigation potential and developmental priorities, while reinforcing mining's role as an anchor of South Africa's economic growth.**

### Energy security and industry tariffs

Energy security remained a significant risk for the mining sector, with persistent generation shortfalls and grid constraints continuing to affect operational performance and costs. Mining companies expanded embedded and renewable generation to enhance resilience, although broader electricity system reforms remain essential. The Minerals Council continued to advocate for improved transmission expansion, effective wheeling frameworks, and cost-reflective tariff methodologies to support reliable and affordable electricity supply.

The published 2025 Integrated Resource Plan provided greater policy certainty by signalling a more balanced energy mix, with coal retaining a critical role, alongside recognition of clean coal technologies. The Minerals Council also championed transparent, cost-reflective tariffs to support investment and competitiveness, including collaboration to develop a competitive tariff solution for the ferroalloys sector.

### Carbon tax

The Minerals Council worked closely with member companies to advocate a predictable and practical carbon tax framework that considers South Africa's developmental priorities and the realities of energy-intensive and trade-exposed industries. Our advocacy efforts emphasised the importance of workable allowance structures, continued access to high-integrity offsets and preventing duplication between the carbon tax and forthcoming carbon budget systems.

### Carbon budgets

Draft carbon budget regulations signalled the introduction of mandatory company-level emissions caps for major emitters in South Africa, including mining, from 2026. The Minerals Council submitted detailed evidence-based positions emphasising that carbon budget allocations must be technically feasible, aligned with authorised mining capacity and reflective of life-of-mine realities, including hard-to-abate emissions. A key concern is the risk of double taxation, as emissions remain subject to the Carbon Tax Act while carbon budget exceedances would trigger a significantly higher penalty. Advocacy efforts continue on this key risk.

### Carbon Border Adjustment Mechanism (CBAM)

The acceleration of the EU CBAM in 2025 heightened risks for South African mining sector exporters. With an emissions-intensive national electricity grid and limited short-term abatement potential, South African producers face substantial charges and complex reporting obligations from 2026. The Minerals Council continues engagements to advocate for the fair treatment of South African mining exports. Positions emphasise that domestic mining companies already face carbon pricing through the carbon tax, regulated offsets and forthcoming carbon budget mechanisms. Failure to adequately recognise these costs under CBAM would impose a second layer of carbon pricing.

### Adaptation

Global attention on climate resilience strengthened in 2025, with COP30 advancing the Global Goal on Adaptation. The Minerals Council supports adaptation and resilience imperatives through the implementation of the Climate Change Act.

### Carbon offsets

High-integrity market mechanisms remain critical to South Africa's transition pathway and global decarbonisation efforts. Carbon offsets continue to support least-cost mitigation under the carbon tax, while stimulating delivery of environmental and social co-benefits. The Minerals Council participated in National Treasury's carbon market consultations, advocating a transparent and credible domestic offsets system that can strengthen decarbonisation efforts across the mining industry. We also continued advocating the appropriate and effective use of offsets under the Carbon Tax Act.