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Minerals Council calls for proper strategy to stop illegal mining

Record gold prices are behind a surge in gold theft across the local mining industry in recent months

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A mineshaft in Stilfontein. Picture: REUTERS/IHSAAN HAFJEJEE.

The Minerals Council SA has urged the government to sign off on a dedicated illegal mining strategy as precious metal theft and smuggling continues to plague the local industry.

Addressing a portfolio committee on mineral & petroleum resources on Tuesday, Minerals Council CEO Mzila Mthenjane flagged illegal mining as a persistent challenge for SA's mining industry.

“The Stilfontein incident helped us understand and dig deeper in terms of the drivers behind illegal mining and how we can approach artisanal and small-scale mining (ASM),” said Mthenjane.

“It’s important that the appropriate legislative environment be provided to enable ASM to succeed and to deal effectively with illegal mining.”

Calls for a clearer and more comprehensive legal framework on illegal mining have been heightened since January, when the deaths of 72 illegal miners at an abandoned gold mine in Stilfontein grabbed global headlines.

Since December, police and the military have ramped up the crackdown on illegal mining through their joint operation “Vala Umgodi” (“close the hole”), which focuses on blocking essential supplies from being sent down abandoned mines.

Policymakers have joined in by adding clauses aimed at addressing illegal mining to the recently gazetted Mineral Resource Development Bill, which marked the most significant changes to SA’s mineral law regime since 2002.

The draft bill provides that after consultation with the Council for Geoscience the minister may designate certain areas for ASM to promote equitable access to SA’s mineral resources.

Mining minister Gwede Mantashe said the proposed licensing regime for ASM operations would ensure compliance with environmental, safety and labour regulations as well as reduce the risk of illegal mining activities.

However, the bill hit the wrong tone with role players, with the Minerals Council saying in May that the draft legislation did not reflect its input.

Additionally, SA’s flagship mining legislation, the Mineral and Petroleum Resources Development Act (MPRDA) of 2002, has long been criticised for its narrow definition of illegal mining, which prevents police from imposing punitive sentences.

The council has previously warned that proper policy intervention should address all stages in the illegal mining value chain, from the physical underground miners to the often globally-connected criminal syndicates processing and smuggling minerals and metals out of the country.

A dedicated illegal mining strategy could help close these regulatory gaps while rehabilitating the country's high number of ownerless and derelict mines.

The state estimates there are about 6,000 abandoned or derelict mines in SA and that nearly \$1bn is lost in annual revenue due to illicit mining activities.

In 2021, the auditor-general published a scathing report about the department of mineral & petroleum resources' slow progress in rehabilitating derelict and ownerless mines — a key part of the effort to eliminate illegal mining.

Concerns about SA's narrow definition of illegal mining were echoed in gold and platinum group metal (PGM) miner Sibanye-Stillwater's latest annual results, where the group argued the scale of the problem requires a change in policy.

It called for a reworking of the Precious Metals Act to "comprehensively criminalise" illegal mining, which "is not directly addressed by SA legislation," said the company.

"Thus, in many cases illegal miners are charged with minor offences such as trespassing, which carries a maximum fine of R2,000, or imprisonment not exceeding two years, or both, which is not a significant disincentive," it said.

The group witnessed its highest number of illegal mining incidents in more than a decade last year, with 540 incidents and 1,487 arrests recorded at its SA gold operations.

Record gold prices have driven a surge in gold theft across the local mining industry in recent months, forcing Pan African Resources' Barberton mines to retrench 244 mineworkers in May.

Regulations formalising the ASM industry have enabled governments such as Ghana and Kenya to crack down on illegal mining and collect more tax revenue.

While the SA government published its ASM policy in 2022, Sibanye warned that it had failed to translate this policy into regulation.

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