FACTS AND FIGURES POCKETBOOK 2020

MINERALS COUNCIL
SOUTH AFRICA

Gold Fields - South Deep Mine

#MakingMining
Matter

FOREWORD

Mining plays a significant role in the economy of our nation. Freely available data on our industry is therefore important so that stakeholders can understand how our industry is performing.

The Minerals Council chief economist, Henk Langenhoven, and his team have compiled this document to showcase our industry using this data and provide some insight into what the numbers mean for our country and the future of our mining industry. The Minerals Council and our members, in close co-operation with unions and government, continue to strive for best practice in all areas, in the industry's quest for zero harm.

The availability of credible statistics which paint an accurate picture of the South African mining sector is crucial for the Minerals Council.

Statistics allow us to fulfil our mandate as the voice of mining in South Africa.

Statistics also help South Africans to develop a better, more nuanced understanding of the current state of the mining industry.

They also allow the industry to accurately represent the wider impact of mining on the country.

The Minerals Council's economics department plays a key role in gathering the data necessary for us and our members to properly understand the state of the sector and to work to improve growth across it.

This pocketbook provides a snapshot of the industry and the impact that South Africa's mineral wealth has on our everyday lives.

In compiling the Facts and Figures publication, the Minerals Council relies on various primary data sources such as: Statistics South Africa, the Department of Mineral Resources and Energy, the South Africa Reserve Bank, the World Bank and the United States Geological Survey.

Revisions to published data by these primary data sources is a common occurrence and a standard practice in the collection and publication of data.

As the Minerals Council depends on the latest official data as published by the primary data source, this may by extension result in subsequent revisions to our estimates and/or published numbers.

TOGETHER THESE MEMBERS IN 2020 REPRESENTED 90% of South Africa's mineral production by value

- 15 Coal
- 11 Platinum
- 10 Other minerals
- 7 Gold/Uranium
- 6 Manganese
- 4 Diversified minerals
- 4 Associations
- 4 Contractors
- 4 Diamonds
- 4 Chrome
- 3 Zinc/Copper
- 3 Corporate
- 3 Investment companies
- 2 Iron ore
- 2 Exploration

THE MINING SECTOR IN 2020*

employed **451,427** people

contributed **R27.2 BILLION** in taxes to South Africa

contributed **R361.6 BILLION** to GDP

* *Estimates based on latest statistics available*

CONTENTS

VISION

To ensure mining matters for South Africa.

MISSION

To play a leadership role in enabling the South African mining sector to achieve its real potential for investment, growth, transformation and development in a socially and environmentally responsible manner.

VALUES

Members are obliged to conduct their business according to the agreed Minerals Council values, which dictate the minimum standards of conduct required of them in order to become a member of, or remain a member of, the Minerals Council. The five values of the Minerals Council are:

- **Responsible citizenship**
- **Respect**
- **Trust**
- **Honesty**
- **Accountability**

HISTORY SNAPSHOT

1. **1867** – First diamond discovered in South Africa, near Hopetown – called Eureka, it weighed 21.25 carats
2. **1886** – George Harrison discovered the main gold reef on Langlaagte farm, leading to the Witwatersrand gold rush. Thousands of fortune seekers descend on Egoli, the 'city of gold'
3. **1889** – Witwatersrand Chamber of Mines established
4. **1922** – Rand Rebellion, an armed uprising of miners
5. **21 Jan 1960** – Coalbrook mine disaster – 435 lives lost in South Africa's worst mining tragedy
6. **1982** – National Union of Mineworkers (NUM) formed
7. **1987** – Largest strike in the South African mining industry, with an estimated 340,000 people downing tools on the first day
8. **10 May 1995** – Vaal Reefs mine disaster – 104 mineworkers died in worst shaft accident in South Africa
9. **1996** – Mine Health and Safety Act (MHSA) passed
10. **2001** – Association of Mineworkers and Construction Union (AMCU) launched
11. **2002** – MPRDA is promulgated into South Africa law
12. **2004** – Mining Charter is launched
13. **2012** – Marikana tragedy on the platinum belt
14. **2014** – Five-month platinum strike
15. **2016** – Mining Precinct opens its doors, aiming to boost the industry through R&D
16. **2017** – Chamber launched major health screening initiative
17. **2018** – MINERALS COUNCIL SOUTH AFRICA – Chamber of Mines formally renamed
18. **2019** – Khumbul'ekhaya health and safety initiative launched
19. **2020** – COVID-19 and B4SA initiatives launched

MESSAGE FROM THE CEO

CHALLENGING

The industry managed to sustain itself through the COVID-19 pandemic somewhat better than we might have expected at the beginning of the lockdown in March.

It is again a great pleasure to present to you the latest Facts and Figures pocketbook.

It provides initial insights into last year's trends in South Africa's mining industry. As usual, you will receive the more comprehensive Facts and Figures book later in the year.

Of course, 2020 was nothing like anyone expected at the beginning of the year. While we expected a number of challenges, nothing could have prepared us for what was to hit us.

As it is, the industry managed to sustain itself through the COVID-19 pandemic somewhat better than we might have expected at the beginning of the lockdown in March.

Mining GDP fell by 4%, thanks essentially to vastly improved commodity prices.

Actual production was down by 10-12%, not only due to the pandemic but also due to transport logistical shortcomings. These facts are a strong signal to government of what some of its priorities for 2021 need to be if an economic recovery is to occur.

Average employment numbers were down by 1.9% in the first three quarters for which information is currently available. While not pleasing, is also understandable under the circumstances. Employee earnings were down by around 9.5% in nominal terms, which shows the impact of the lockdown and the only gradual return to approaching normality later in the year.

The year 2021 will require immense efforts from all of us – business, employees and government in particular, if a recovery of the magnitude needed is to materialise.

MINERALS COUNCIL POSITION ON COVID-19

The Minerals Council recognises the novel COVID-19 pandemic as a serious threat to South Africa, and her people. We are fully supportive of the measures announced by President Cyril Ramaphosa to prevent the spread of COVID-19, and the efforts by government to manage this unprecedented crisis.

www.mineralscouncil.org.za/minerals-council-position-on-covid-19

Roger Baxter
Chief Executive Officer
February 2021

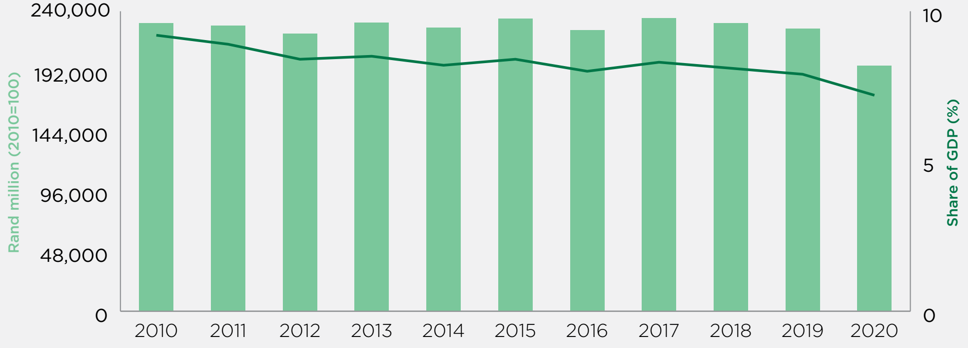
* Estimates based on latest statistics available
** Fiscal year
*** DMRE figures previously used. Figures updated with latest available SARS figures

MINING OVERVIEW

The Minerals Council estimates mining gross domestic product to have declined in nominal terms by nearly 4% in 2020 to a value of R361.6 billion.

After allowing for the more than 24% rise in commodity prices, the inflation adjusted decline is 13%, in line with our forecasts of a contraction of between 10% and 13% due to the COVID-19 lockdown disruptions in 2020.

Mining gross domestic product



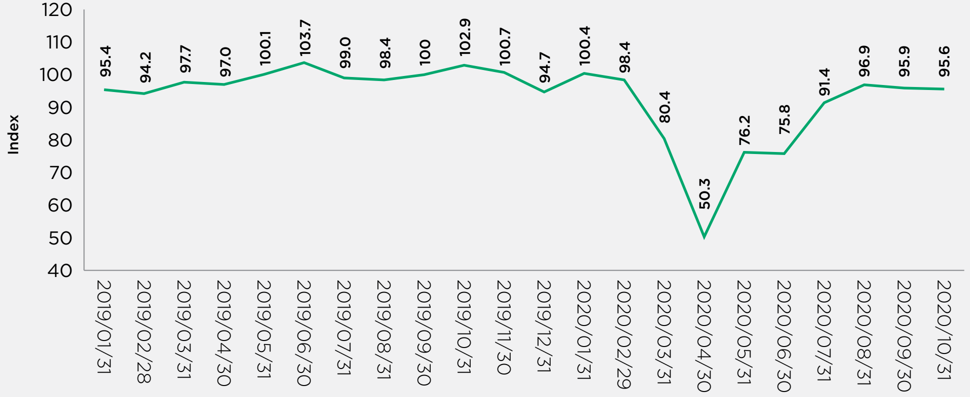
Sources: Statistics South Africa, South African Reserve Bank, Minerals Council South Africa

MINING OVERVIEW CONTINUED

These trends are in line with our estimates of sales/turnover of R608 billion, which, after adjusting for commodity price escalation is 11.3% lower than during 2019. It is also in line with our estimates of the physical production declines during 2020. It is quite clear that the mercurial rise (between 35% and 40%) in commodity prices (those that are important to South African exports) have had a major impact on the recovery of mining turnover (+10%) and exports (+24%). It is also clear that physical production is not making a similar recovery (between 10% and 12% lower) and that logistical problems (rail, harbour, road and people movements) had, and are still having a negative impact on mining resuming its pre-lockdown levels of activity.

Comparing the experience of the global financial crisis with the COVID-19 impact confirms these trends but also shows marked differences.

Index of seasonally adjusted mining production



Sources: Statistics South Africa, Minerals Council South Africa

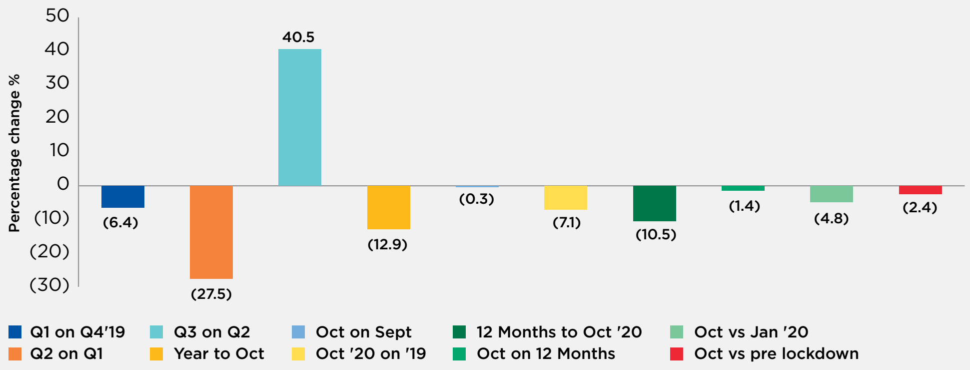
Production data

The latest mining production numbers available at the time of publication are for October 2020.

These graphs indicate the following:

- The sharp declines in production in the first two quarters of 2020, and then an equally strong recovery in the third quarter (+40%). This was however not enough to regain previous levels.
- Furthermore, the latest activity levels are slightly below the monthly averages compared to 12 months ago (-1,4%), January 2020 (-4,8%) and pre-lockdown averages (-2,4%), indicating difficulties in regaining momentum.
- 2020 production probably declined by between 10% (12-month comparison) and 13% (10-month comparison).

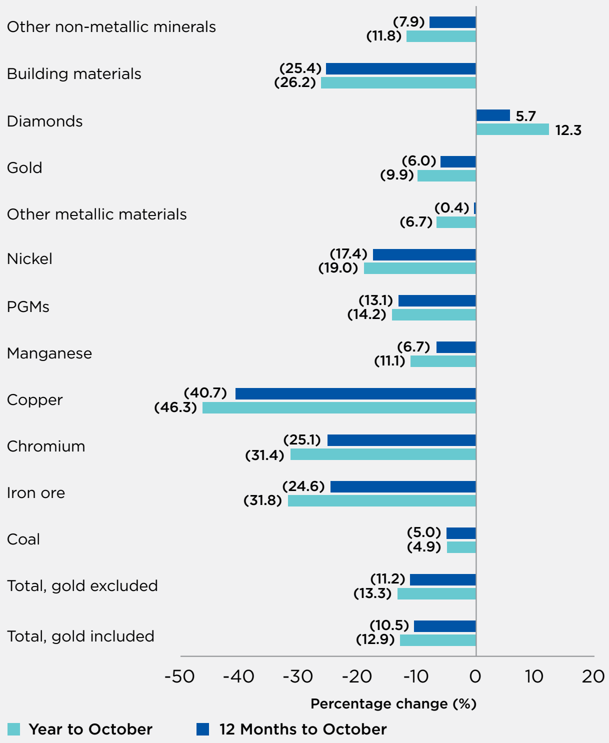
Rates of change (different periods)



Sources: Statistics South Africa, Minerals Council South Africa

MINING OVERVIEW CONTINUED

Commodity production performances



Sources: Statistics South Africa, Minerals Council South Africa

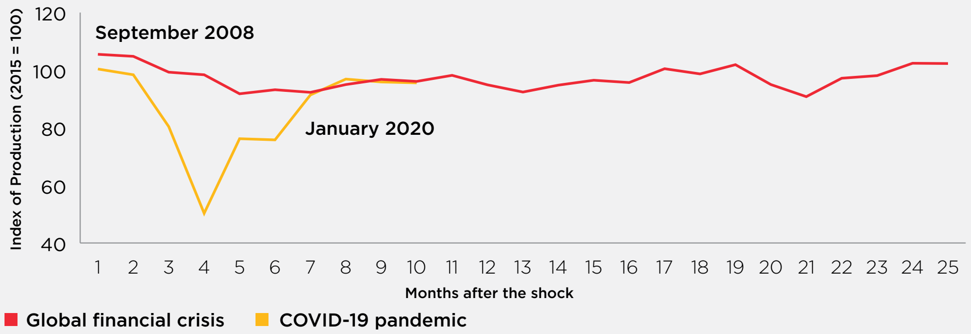
The graph to the left shows individual commodity production performances during 2020 compared to similar periods during 2019. The overall decline will probably be between 10% and 13% for the year.

Barring diamond production, all commodities show varying declines in physical production levels. This indicates the difficulties in adjusting to the new situation, from following new operational protocols to coping with logistical challenges.

Comparing COVID-19 with the Global Financial Crisis (GFC)

Comparing the response to the COVID-19 pandemic with that of the global financial crisis (GFC) shows the following: the latter contraction was not as deep but took nearly 2 years to reach pre-GFC levels, whereas the former was shorter, deeper and recovery is not certain yet.

Comparing COVID-19 with GFC

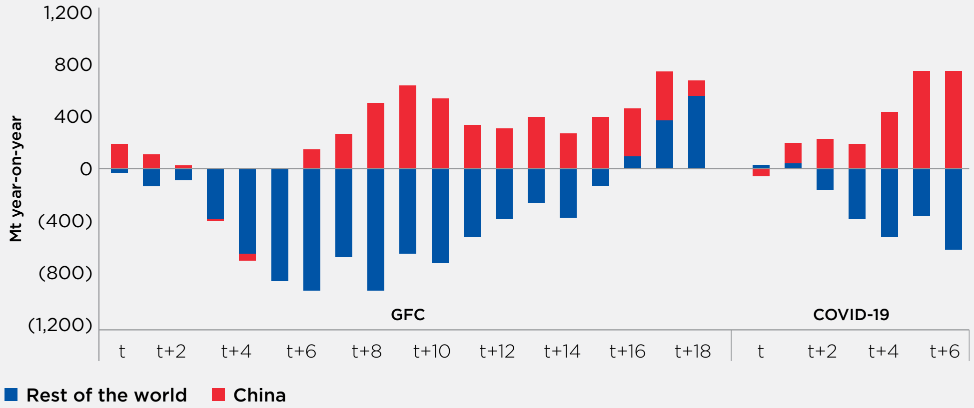


Sources: Statistics South Africa, Minerals Council South Africa

Commodity price trends

The main difference between the two events seems to be changes in world demand for metals and its impact on commodity price movements. Research by the World Bank shows the differential demand responses to the two crises (annual data); Chinese demand shows a very small, and short-term impact due to the COVID-19 situation compared to the GFC (with the rest of the world also showing a smaller impact).

Changes in metal demand during crises



Source: World Bank Commodities Outlook, October 2020

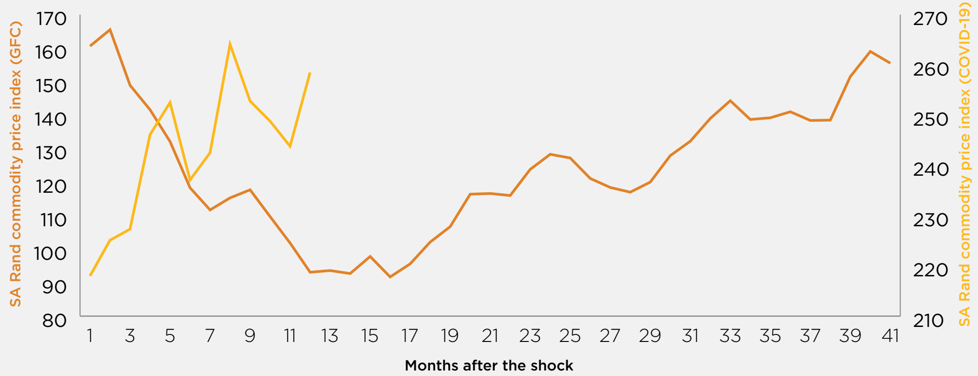
The definitive result is the different impact on (South African relevant) commodity prices.

Marked difference in commodity price movements between the GFC and the COVID-19 pandemic

- Prices were only 17% higher in January 2020 than nine years earlier, after prices recovered from the GFC.
- After the start of the GFC it took 40 months for prices to recover, first dropping by 45% (16 months) and then recovering by 76% (over 25 months).
- Immediately after the COVID shock, on aggregate, Rand commodity prices spiked steeply, largely driven by the weakening of the exchange rate. In three months prices increased 4.25%, in 6 months 8.76% and over a 12-month period 18.6%.

This South African commodity prices improvements had a marked impact on sales and exports.

South African commodity price index



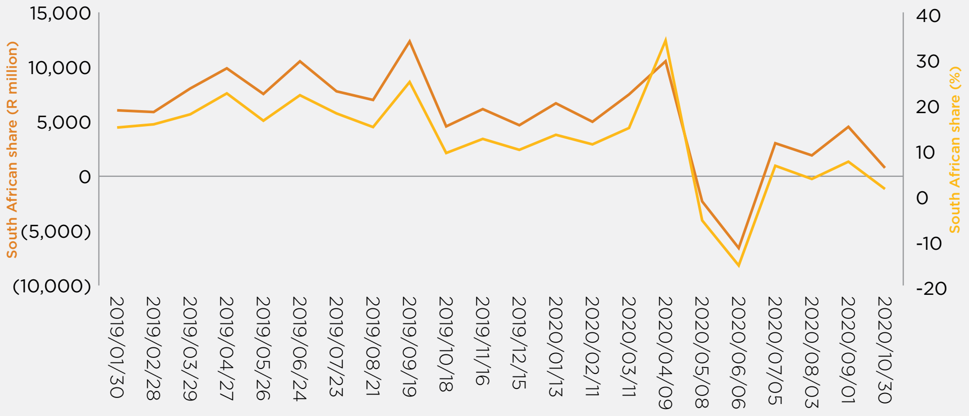
Sources: Statistics South Africa, Minerals Council South Africa

Total commodity sales and exports

Due to the weakness in the South African economy, the domestic share of commodity demand has virtually halved between 2020 and the previous two years. This conclusion is supported by the market share (%) as well as the physical value of commodities bought by South African companies.

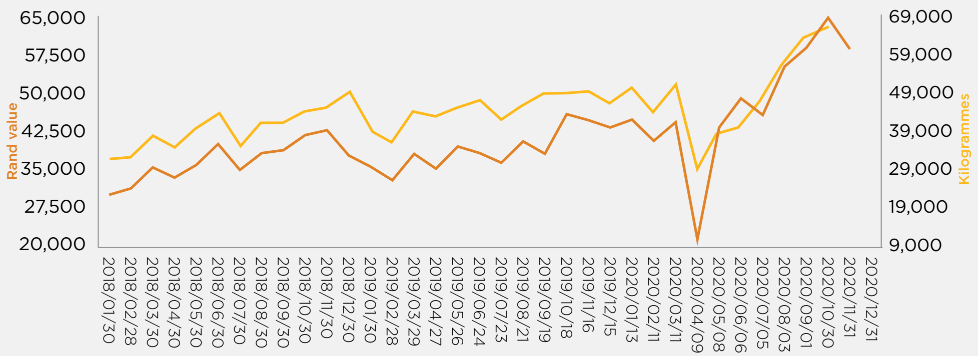
The combination of better commodity prices and the less than expected contraction of world demand during the COVID-19 crisis, has resulted in the value of exports growing at a surprising rate, ending at an estimated 24% higher during 2020 than in 2019. This compensated for lower physical production (-13%) and exports (-4.5%).

Total commodity sales and exports



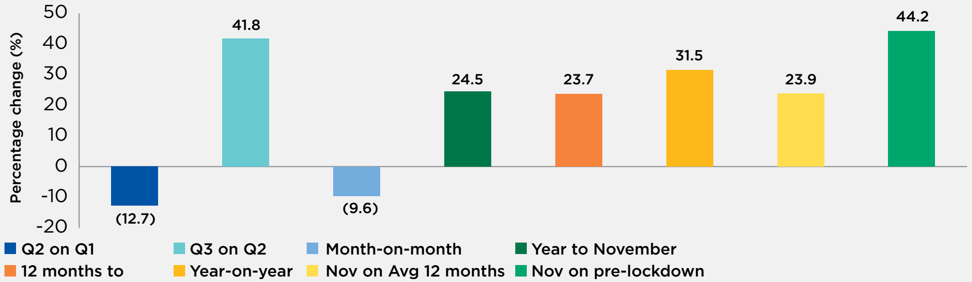
Sources: Statistics South Africa, South African Revenue Services, Minerals Council South Africa

Value and tonnage of commodity exports



Sources: South African Revenue Services, Minerals Council South Africa

Rates of change (different periods)



Sources: South African Revenue Services, Minerals Council South Africa

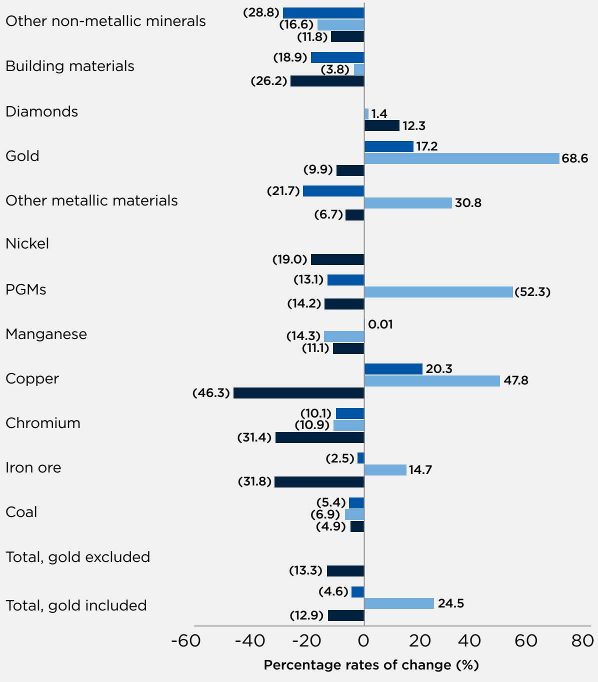
Variation in production (10 months) and export (11 months) performance per commodity

The impact of the COVID-19 pandemic has been felt quite differently by the various commodities. There is some correlation between commodity-specific production and its export trends i.e. when physical production lagged, physical volumes of exports also (generally) lagged.

It is also quite clear that the improvement in the world price of gold, PGMs and iron ore had a major impact on the overall export performance (by value).

A comparison of the export performances (by value) between the GFC and the COVID-19 pandemic shows the differences in levels, variation and duration of recovery, mainly linked to commodity prices. At the onset of the COVID-19 contagion, exports were 93% higher after 9 years since recovery from the GFC.

Variation in production (10 months) and export (11 months) performance per commodity



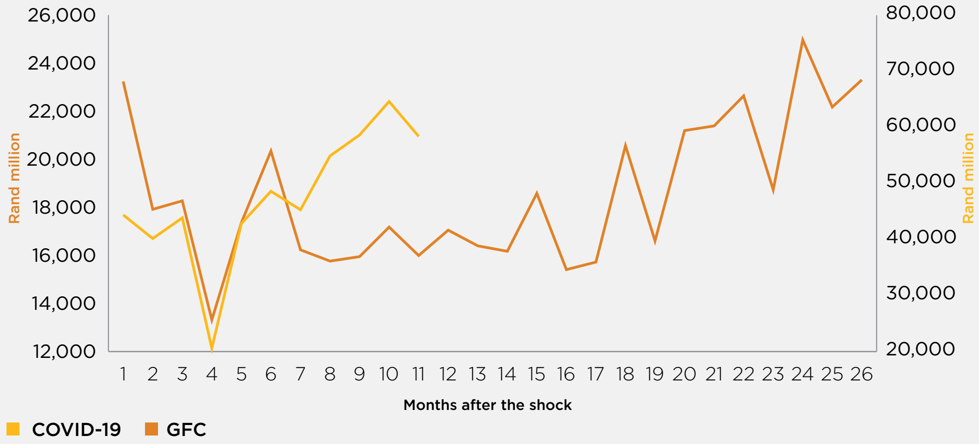
Sources: Statistics South Africa, South African Revenue Services, Minerals Council South Africa

Export trends during COVID-19 and the GFC

When the COVID-19 contagion hit, export earnings declined by 55% within three months from January 2020, and then took just one month to recover. From that low point it recovered within six months by 190%, or 31% higher than the pre COVID-19 level.

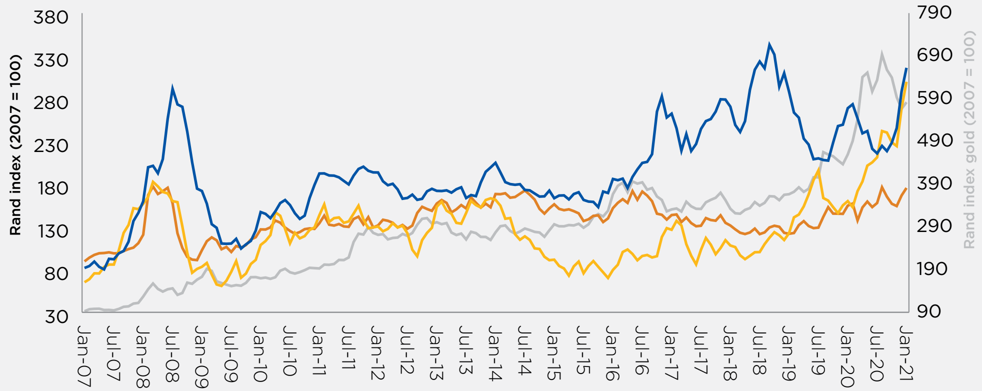
At the onset of the GFC, the decline was less severe, but was just as swift. The recovery to pre-GFC levels took nearly two years, however.

Export trends during the GFC and COVID-19 pandemic



Sources: South African Revenue Services, Minerals Council South Africa

Price paths of the different commodities since 2007



Sources: World Bank, South African Reserve Bank, Statistics South Africa, Minerals Council South Africa

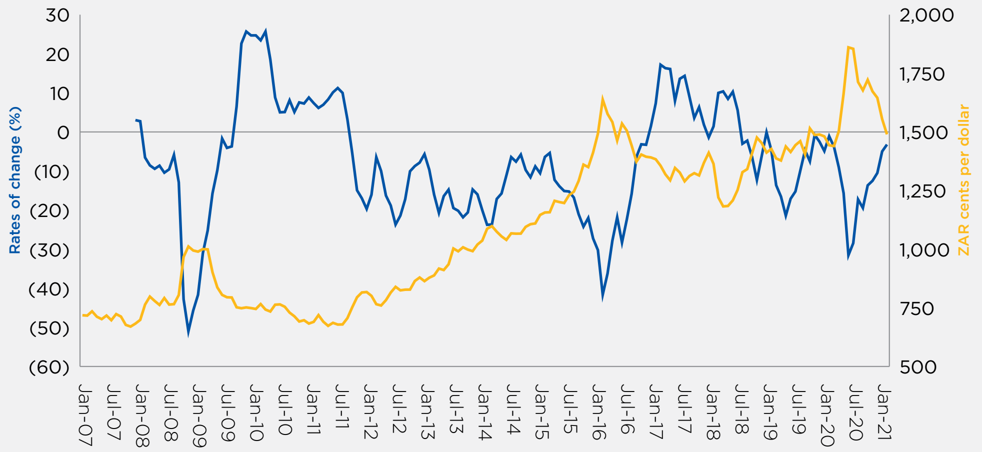
Implats – Impala 11C Shaft

Rand/Dollar exchange rate

The Rand/Dollar exchange rate plays a significant role in the Rand price realised for South African commodities as the depreciation during the second and third quarters showed.

Although the Rand is still 12% weaker over a 12-month period, it has strengthened by 25% since its weakest point in April 2020.

Rand/Dollar exchange rate



Sources: South African Reserve Bank, Minerals Council South Africa

Dollar and Rand price movements over different time periods

	Dollar prices				Dollar
	Coal	Iron Ore	Gold	Platinum	index
Change year to date %	(9)	15.3	27.1	2.0	15.1
12 months to December 2020	66	109	1,770	883	706
12 months to December 2019	72	94	1,393	866	613
Change 12 months %	(9)	15.3	27.1	2.0	15.1
Change 1 month %	22.7	25.0	(0.4)	12.8	5.7
December on 12 months	29.7	42.7	5.0	16.4	10.7
Change year-on-year	12.0	67.8	25.6	11.2	19.9

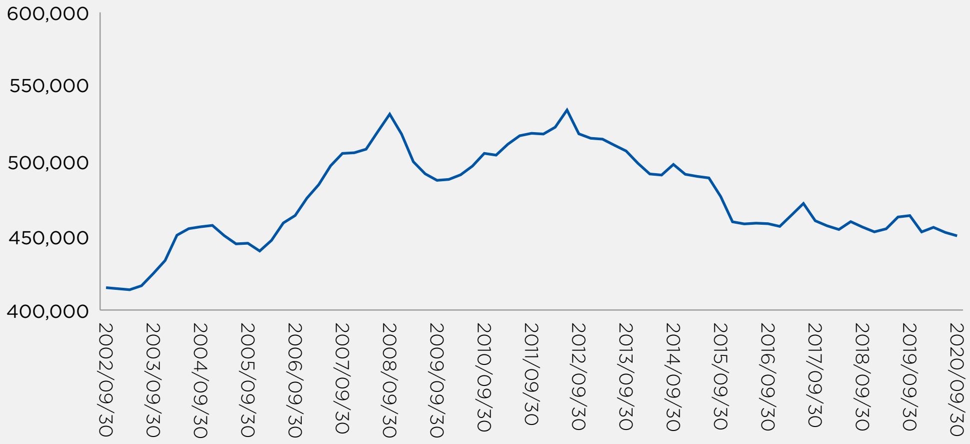
	Rand prices				Rand	Exchange
	Coal	Iron Ore	Gold	Platinum	index	rate (c:$)
Change year to date %	3.0	30.9	45.0	15.7	24.4	(12.4)
12 months to December 2020	1,071	1,788	29,231	14,485	295	1,650
12 months to December 2019	1,040	1,366	20,163	12,524	237	1,445
Change 12 months %	3.0	30.9	45.0	15.7	24.4	(12.4)
Change 1 month %	17.5	19.7	(4.6)	8.0	6.1	4.4
December on 12 months	18.4	29.5	(5.3)	5.7	6.4	10.7
Change year-on-year	15.6	73.2	29.7	14.8	25.9	(3.1)

Sources: World Bank, South African Reserve Bank, Statistics South Africa, Minerals Council South Africa

Employment

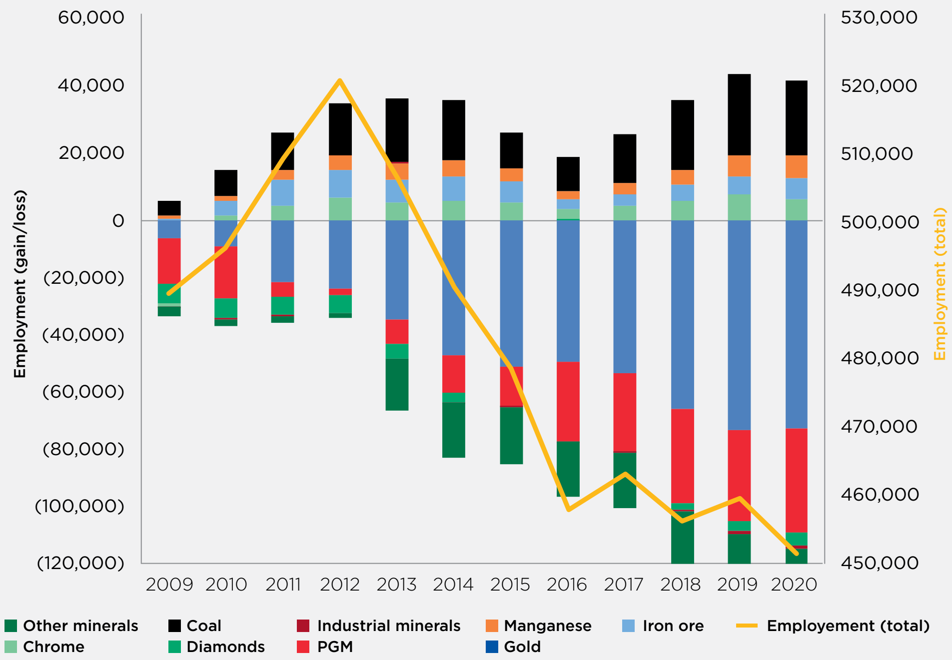
The impact of the production disruptions on employment levels is difficult to determine. Only 3/4 of employment, salaries and wage data is available at the time of writing. The average employment number for the first three quarters of 2020 was 451,427, which is 8,588 less than the average during 2019 (1.87% lower). The graph below shows the gradual decline in numbers.

Employment numbers in mining



Sources: Quarterly Employment Survey, Statistics South Africa, Minerals Council South Africa

Total employment gains and losses by commodity: 2009-2020

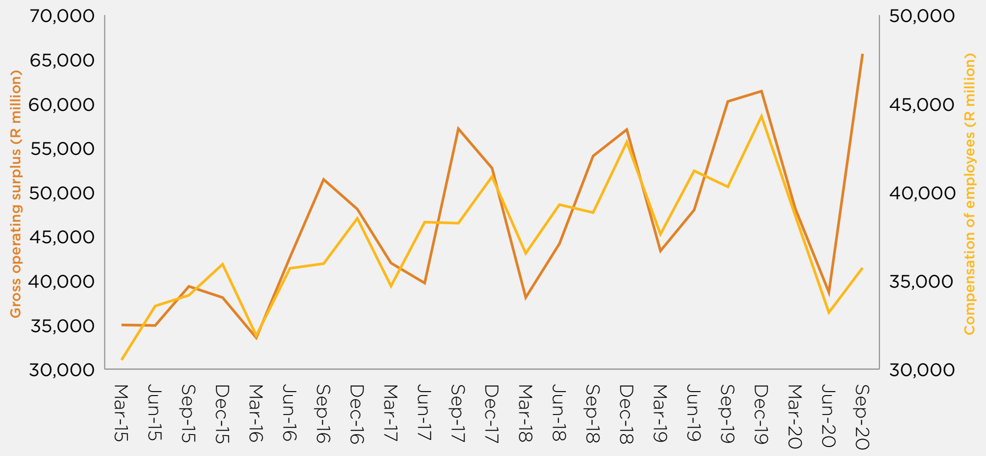


Sources: Quarterly Employment Survey, Statistics South Africa, Minerals Council South Africa

Employees compensation

It is estimated that, compensation of employees declined by 9.67% (nominally) during 2020 (based on South African Reserve Bank data), which indicates a much higher inflation adjusted decline (+/-15%). This may only be due to reduced payments to employees during the lockdown but could also mean bigger employment losses than indicated by the first three quarters of 2020.

Employee compensation

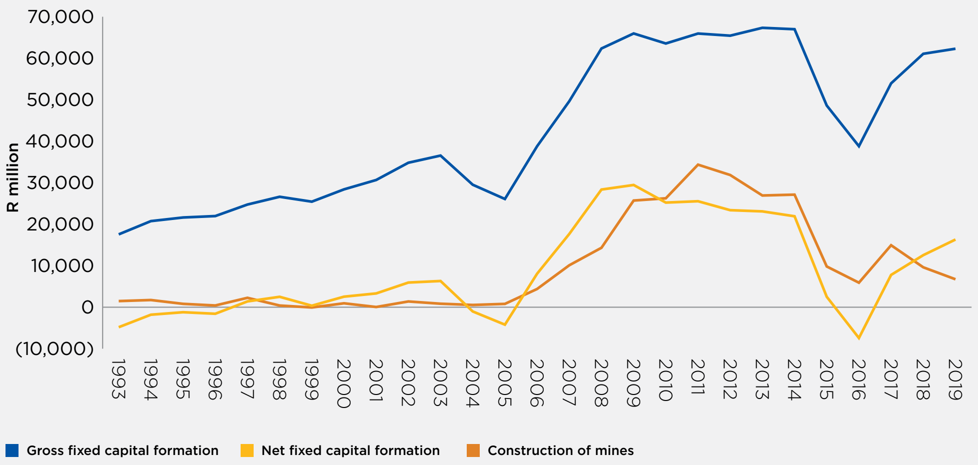


Sources: South African Reserve Bank, Minerals Council South Africa

Gross fixed capital formation (GFCF)

Due to the lack of quarterly investment data for the whole sector, estimates of 2020 trends are exceedingly difficult. At the time of writing only quarter two 2020 data was available, as well as a sample conducted by Statistics South Africa, published as Quarterly Financial Statistics.

GFCF of mining by type

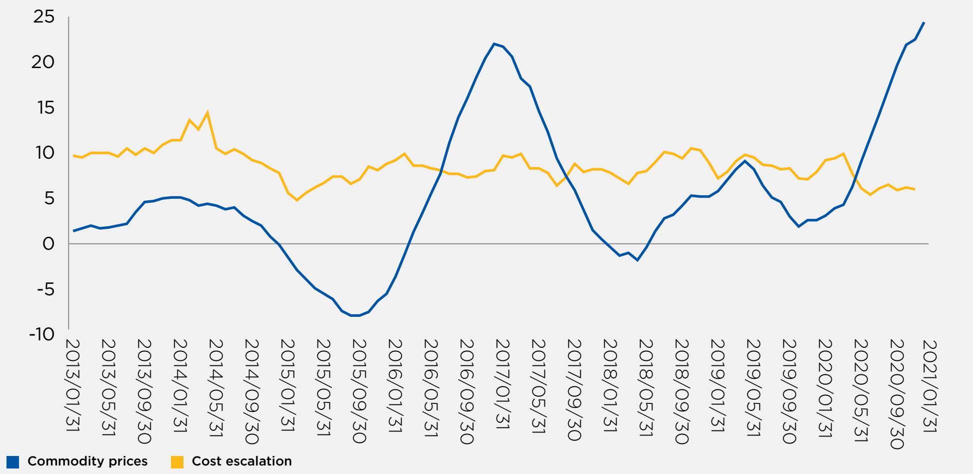


Sources: Statistics South Africa, South African Reserve Bank, Minerals Council South Africa

Input cost escalation

Input cost escalation in mining is broadly determined by labour and intermediary input costs. Due to the weak South African economy, both production price and consumer price escalation declined during the last few years, which had a positive impact on mining as well.

Input cost escalation and commodity price changes (%)



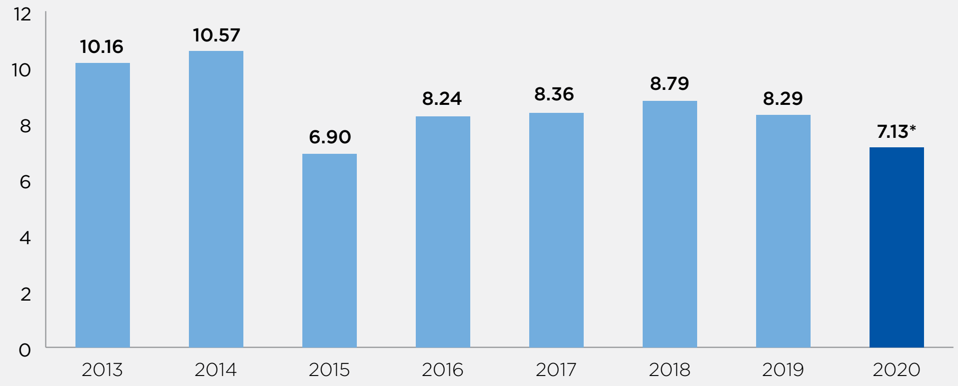
Sources: World Bank, South African Reserve Bank, Statistics South Africa, Minerals Council

However, domestically, rapidly rising administered prices remain a major challenge, jeopardising viability and the weakening exchange rate pushes imported machinery and equipment prices higher.

Comparing input cost escalation with commodity price changes yields the graph on page 27.

The difference between the two broadly indicates the variation in mining sector profitability margins. It also shows the extreme unpredictability of these margins, due to the volatility in commodity prices.

Annual cost escalation (%)



* *11 months*

Sources: Statistics South Africa, South African Reserve Bank, Minerals Council South Africa

OUR METALS AND MINERALS

Kumba Iron Ore – Saldanha

PLATINUM GROUP METALS

PGMs consist of six noble metals: platinum, palladium, rhodium, ruthenium, osmium and iridium. Platinum, palladium and rhodium are the primary metals of significant economic value.

They are used largely for jewellery and in the automotive industry for their excellent catalytic properties. Other uses include investment (coins and bars), fuel cells, and many other industrial purposes.

Industry developments in 2020

- **Sales:** In 2020, for the first time in the last decade, PGM industry sales overtook those of the coal industry to become the largest contributor to the total mining sectors sales. The last time a similar development occurred was between 2000 and 2010 during the platinum price boom.

Anglo American Platinum – Mototolo

- **Income split:** The increase in rhodium and palladium prices has resulted in a notable shift in the income split for PGM producers, with the two metals now accounting for 73% of the PGM basket and platinum accounting for the balance. This shift is noteworthy, when it is considered that a decade ago, platinum alone accounted for 79% of the income split.
- **Prices:** Surges in the US$ rhodium price (187.2%) and palladium price (44%) in 2020 were the key drivers of the basket price in 2020. Platinum prices increased by 2%. Rand prices of PGMs were also assisted by the notable weakening in the Rand/Dollar exchange rate during 2020, because of the economic uncertainties brought on by the COVID-19 pandemic. The Rand weakened 12.4% against the US$.
- **Input costs:** In 2020, input cost inflation for the PGM industry increased by 6.32%, which was down from the average recorded in 2019 of 8.55%. Electricity, gas and water (13.1%), marketing and business services costs (20.6%) and imported inputs (21.1%), constitute major cost drivers in the PGM industry. Collectively, these costs account for 54.8% of intermediate input costs.
- **Investment:** Over the last five years, there has been a notable trend of several domestic PGM producers opting to deploy capital on purchasing PGM operations outside of South Africa. Domestically, investment proposals have primarily been life-of-mine extensions and some additions to processing capacity.
- **Outlook:** The PGM basket price is expected to remain elevated into 2021 based on the latest supply demand analysis. This is expected to bode well for PGM producers.

Palladium is expected to remain in a supply deficit of an estimated 800,000 to 1 million ounces, while platinum is expected to contribute more to the basket price due to higher investment demand and continued substitution by automobile makers from palladium to platinum.

There are also concerns from fabricators around the world, of South Africa's ability to supply PGMs given disruptions to supply chains (and renewed lockdown measures), which is expected to provide price support in the short term.

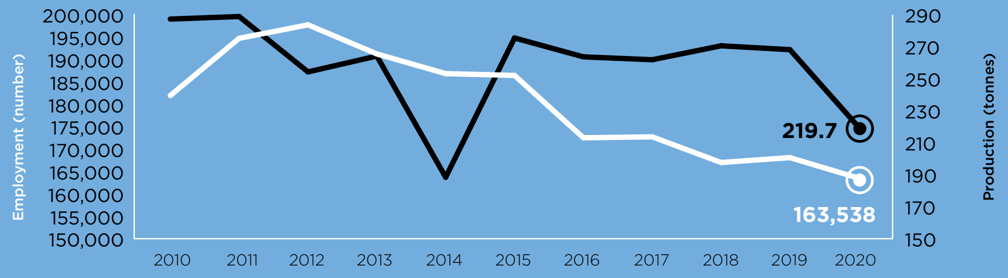
Direct employees	Employee earnings	Royalties paid	Production	Total sales	Value of percentage exported
-2.7%	5.5%	147.2%	-18.1%	25.9%	
163,538	R59.3 billion	R2.8 billion	219.7 tonnes	R171.3 billion	91%

PGM INDUSTRY SALES

are the largest in South Africa

Wesizwe – Bakubung Platinum Mine

PGM industry production and employment: 2010 – 2020



Source: *DMRE, Minerals Council South Africa*

> *"The PGM basket price is expected to remain elevated into 2021."*

The coal industry is the biggest in the mining sector in South Africa, accounting for more than 24% in terms of production volumes (weighted). The PGMs industry is the biggest in terms of sales.

Ranking coal use in South Africa, the electricity generation sector consumes the most, followed by exports, liquid fuels manufacture and "other" (which includes use by business for combustion processes and household use).

Industry developments in 2020

- **Prices:** For the third successive year, coal prices declined in 2020 and averaged US$65.7/t, which was 8.6% lower than the previous year and 32.7% lower than in 2018. There was an oversupply of coal in the international market emanating from Indonesia. The ongoing diplomatic feud between China and Australia is expected to boost prices; and indeed, in December 2020 prices increased to US$85.2/t (South African quoted price) from US$64.4/t the previous month. There are suggestions that China is unhappy that in April 2020 Australia called for an investigation into China's handling of the early days of the coronavirus.
- **Input costs:** Transport and logistics are the biggest cost element (i.e. intermediate input costs) in the coal industry, accounting for more than 22%. In 2020, input costs increased by 6.92%, slightly down from the 7.38% recorded in 2019.
- **Investment:** The lower coal prices are not encouraging for investment. The coal industry in South Africa has seen very little investment in the form of greenfield projects. Add to this, the fact that most of the coal majors who have the capital wherewithal to finance new projects are pulling out of coal mining

> *"The coal industry is the biggest in the mining sector in South Africa."*

on account of the negative global sentiments surrounding coal with many countries putting in place strict legislation regarding the use of coal.

- **Outlook:** On the domestic front, there is uncertainty as to the future of the industry. Eskom, the state-owned electricity company, seems to want to wean itself of coal use quicker than the Integrated Resource Plan 2019 projected. India, South Africa's leading export market for coal, produces 64% of its electricity requirements using coal. India intends to curb coal imports and has opened up the coal industry for more private sector participation. That said, private sector appetite is very low as Reuters reported in September 2020 that of the 38 mines auctioned by the state, only 23 mines were successfully bought, the rest had no uptake.
- **Expansion:** South African exports continue to be limited by the lack of expansion of the Overvaal Tunnel. Expansion of the Overvaal Tunnel is set to increase coal export capacity from 81Mt to 132Mt a year. The project was conceptualised in 2008 and would have cost R11 billion. The project has still not started, and estimates indicate that in 2020 it would have cost approximately R22 billion to complete.

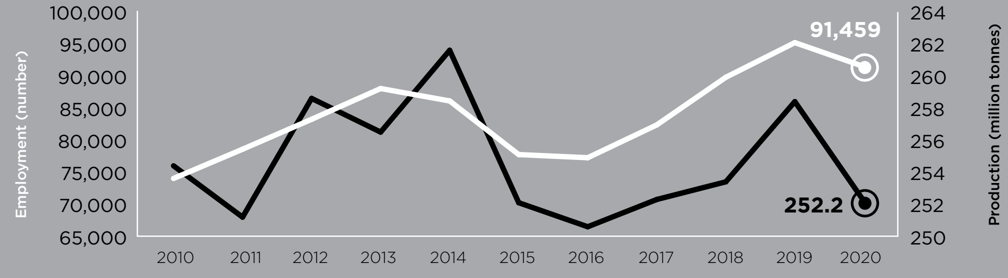
Glencore Coal – Tweefontein

THE ELECTRICITY GENERATION SECTOR

consumes the most coal.

Seriti – New Vaal Colliery

Coal industry production and employment: 2010 – 2020



Source: *DMRE, Minerals Council South Africa*

Direct employees	Employee earnings	Royalties paid	Production	Total sales	Value of percentage exported
-3.9%	4.7%	15.4%	-2.4%	-6.0%	
91,459	**R30.5 billion**	**R1.7 billion**	**252.2 million tonnes**	**R132.9 billion**	**36%**

OUR METALS AND MINERALS

GOLD

Gold remains one of the world's most coveted metals, revered for its beauty and symbolism, and held as a store of value. This versatile metal is malleable, conductive and does not tarnish, making it ideal for use in jewellery and many industrial applications.

One of the notable attributes of the COVID-19 pandemic and the ensuing economic uncertainty is that it re-emphasised the safe-haven characteristic of gold.

Industry developments in 2020

- **Prices:** Record low interest rates and excess cash that has been pumped into the global economy by central banks around the world, to counter the economic impact of the pandemic, has contributed to the gold price increasing. In a low interest rate environment, where idle cash balances earn very little return, the opportunity cost to hold gold as opposed to cash balances increases, hence the increased demand for gold. In addition, the excess liquidity pumped into the global economy has heightened the risks of inflationary pressures building in the system and eroding the value of cash, thereby making gold an attractive investment given its storer of value characteristics, where inflation does not erode its value. Lastly, the geo-political and trade tensions between the US and China, and the UK and the EU, also drove up demand for gold in 2020. As a result of the above, in 2020, the price of gold increased 26.6% in US$. Assisted by the weakening of the exchange rate, the price of the metal increased 45.3% in Rand terms.
- **Input costs:** Input cost inflation increased by 7.84% in 2020, which is a notable decrease from the prior year, where input cost inflation increased by 10.57%.

Gold Fields - South Deep

Electricity accounts for a substantial component of intermediate input costs at 25.7% of the gold industry.

- **Investment:** In the absence of a structural solution to the electricity crisis in South Africa, the investment prospects of the sector are expected to remain bleak. As mentioned above, electricity accounts for a significant portion of intermediate input costs, given the deep level operations that characterise the country's gold mines. The intermittent nature of the electricity supply has health and safety concerns, while the steep price trajectory of electricity tariffs is also a major concern from an input cost perspective.
- **Outlook:** Despite this windfall in price increases in 2020, production decreased by 13.7% to 90.6 tonnes, testament to structurally weak fundamentals underpinning the domestic gold industry (ultra-deep mines, declining grades and load-shedding). That said, record high prices did come to the rescue of domestic gold producers. The continued global economic uncertainty induced by the COVID-19 pandemic and the resurgence of second waves is expected to be supportive of gold prices in 2021.

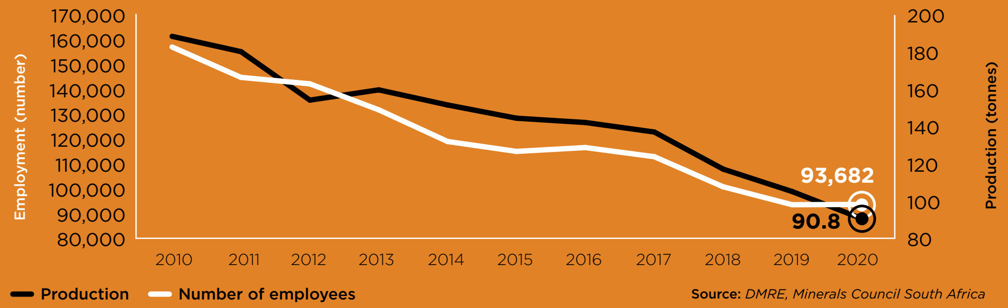
Direct employees	Employee earnings	Royalties paid	Production	Total sales	Value of percentage exported
↗ 0.1%	↘ -3.0%	↘ -37.5%	↘ -13.7%	↗ 2.0%	
93,682	R25.6 billion	R180.0 million	90.8 tonnes	R78.2 billion	72.2%

OUR METALS AND MINERALS
GOLD continued

GOLD IS HELD AS A
STORE OF
VALUE

Harmony – Phakisa

Gold industry production and employment: 2010 – 2020



Source: *DMRE, Minerals Council South Africa*

"Gold remains one of the world's most coveted metals."

OUR METALS AND MINERALS
IRON ORE

Iron ore is the fourth biggest industry in the mining sector in South Africa, contributing slightly over 12% in terms of production volumes. Iron ore is the main ingredient in steel making which is used in various applications around the world including structural engineering, manufacturing of cars and ships and general machinery.

Industry developments in 2020

- **Prices:** Year-on-year iron ore prices were 16% higher in 2020 at an average of US$108.9/tonne compared to 2019. On a monthly basis, iron ore prices recorded US$155.4/tonne in December 2020 compared to US$124.4/tonne the month before.
- **Input costs:** Transport and logistics are the biggest intermediate input costs, standing at more than 38% of total in 2019. This highlights the importance of the railway and port infrastructure (Saldanha).

Kumba Iron Ore – Saldanha

The rail constraints were exacerbated by the loading facility at the harbour. There are also very strict dust control requirements at Saldanha which further limit capacity expansion. In 2020, total input costs increased by 7.44%, a marginal decrease from the 8.24% recorded in 2019.

"Year-on-year iron ore prices were 16% higher in 2020."

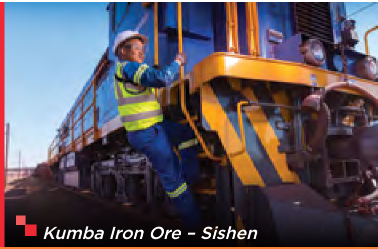
OUR METALS AND MINERALS

IRON ORE continued

- **Investment:** The high prices augur well for the industry as it encourages exploration, particularly in the Northern Cape province where most of the major players in the industry are operating. In 2020 one of the country's major iron ore producers invested over R7 billion in a brownfields project to sustain current production levels. The iron ore industry is also investing resources in technology that not only boosts production but also enhances safety. The technology package includes automated drilling, digitisation and centralised control rooms.
- **Outlook:** The coronavirus pandemic has seen iron ore exports to China decline. China is the leading export market of South Africa's iron ore. Other markets include Japan, South Korea, the Middle East and India. It seems that prices will continue to rally even in a post-COVID economy.

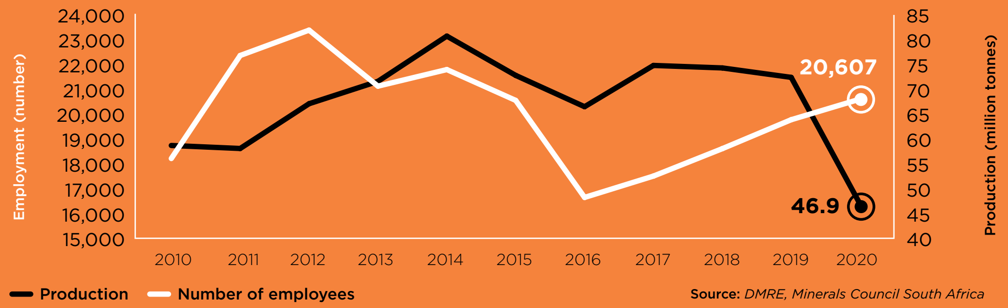
Kumba Iron Ore – Kolomela

Iron ore is the **FOURTH BIGGEST** industry.



Kumba Iron Ore – Sishen

Iron ore industry production and employment: 2010 – 2020



Source: *DMRE, Minerals Council South Africa*

Direct employees	Employee earnings	Royalties paid	Production	Total sales	Value of percentage exported
↗ 4.2%	↗ 10.0%	↗ 112.3%	↘ -35.0%	↗ 17.0%	
20,607	**R7.7 billion**	**R4.4 billion**	**46.9 million tonnes**	**R83.1 billion**	**96.3%**

MANGANESE

Manganese is the fourth most used metal on earth in terms of tonnage, after iron, aluminum, and copper. It has numerous applications, including objects made of steel, portable batteries, and aluminum beverage cans.

In each case, manganese plays a vital role in improving the properties of the alloys and compounds involved in each specific application. South Africa hosts 74% of the known global manganese resource and 30.2% of the reserve.

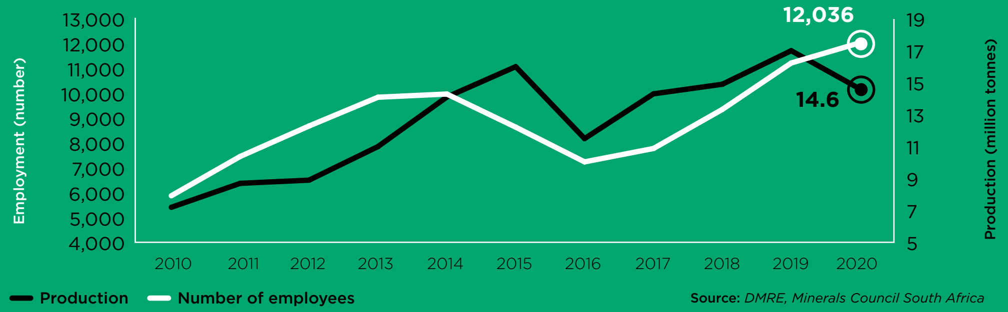
Industry developments in 2020

- **Input costs:** In 2020, input cost inflation increased by 7.81%. This is up from the 7.42% recorded in 2019.
- **Outlook:** The global economic slowdown which resulted from the COVID-19 pandemic is expected to affect the demand for industrial metals like manganese, which are primarily linked to economic activity. Global steel production in the first half of 2020 was particularly hit hard by the lockdowns, which resulted in steel production decreasing by as much as 5.3% (when compared to the first half of 2019). However, as economic activity picked up slowly towards the end of the year, steel production, which accounts for 90% of manganese demand is expected to contract by 1.3% in 2020. Given the resurgence of COVID-19 in the form of second waves, and renewed economic restrictions, global economic activity is expected to be pedestrian, which is expected to dampen the demand prospects of most industrial minerals, including manganese. Moreover, logistical problems (boarder closures, limited access to rail and harbors) are expected to affect global supply chains, which in turn is likely to impact the domestic producer's ability to supply key markets.

MANGANESE
is the fourth most used metal on earth.

Tshipi é Ntle Manganese Mining – Tshipi Borwa mine

Manganese industry production and employment: 2010 – 2020



Source: *DMRE, Minerals Council South Africa*

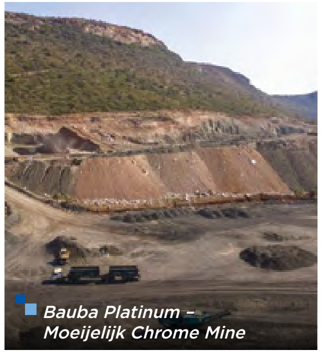
Direct employees	Employee earnings	Royalties paid	Production	Total sales	Value of percentage exported
↗ 7.3%	↗ 15.1%	↘ -1.9%	↘ -14.4%	↘ -20.7%	
12,036	**R4.5 billion**	**R787.0 million**	**14.6 million tonnes**	**R35.7 billion**	**92.3%**

OUR METALS AND MINERALS
CHROME ORE

There are four main uses of chrome ore, namely steel or alloy making (metallurgical grade ore), chemical, foundry sand and refractory grade. Steel or alloy making accounts for 94% of chrome ore use. South Africa accounts for roughly 61% of global chrome production.

Industry developments in 2020

- **Prices:** Year-on-year chrome ore prices were lower in 2020, averaging US$152.8/tonne, compared to US$167.4/tonne in 2019. In 2018 prices averaged US$212.5/tonne. The US Dollar price for chrome ore (per tonne) is quite stable (as compared to the volatility of, say, the gold, coal or platinum price). For instance, from January to May 2020 the internationally quoted price per tonne was US$127.5/tonne, while it was US$172.5/tonne from June to September, and US$133.5/tonne thereafter up to December. In Rand terms, year-on-year prices were, respectively R2,806/tonne, R2,298/tonne, and R2,352/tonne in 2018, 2019, and 2020. The price of ferrochrome per tonne is generally five times more than that of chrome ore.
- **Input costs:** From 2010 to 2019 intermediate inputs costs have increased at an average of 10.5%. The single biggest cost item in the chrome ore mining industry is transport, which accounts for roughly 58% of intermediate input costs. This highlights the importance of having a strong partnership with Transnet, the state-owned rail and port company. In 2020, input costs increased by 8.17%, remaining flat from the prior year, where input costs increased by 8.17%.
- **Investment:** Investment in new chrome mines is a function of the domestic policy environment and projected demand for



Bauba Platinum – Moeijelijk Chrome Mine

stainless steel globally. Domestically, real fixed investment has grown at an annual average of 4.3% from 2011 to 2019 indicating a steady increase in global steel demand. Abroad, global capacity in stainless-steel melting has grown from 13.2 million tonnes in 2009 to 36.7 million tonnes in 2019 – a 180% increase. This is a good prospect for the domestic chrome ore mining industry.
- **Outlook:** South Africa will continue being the global leader of chrome ore supply. China is the largest importer of South African chrome ore, accounting for approximately 93% of South Africa's total exports. Regarding the local ferrochrome industry, the main constraint is electricity availability and the above-inflation annual increase in power tariffs. Furthermore, there is no predictable electricity price path. Since 2008 when electricity tariffs started increasing at a faster rate than inflation, investment in the ferrochrome industry took a dip and China's global supply share started to increase and had outperformed South Africa since 2010. There is no room for increased chrome ore exports and beneficiation, and these are chiefly dependant on improved rail and port efficiencies and improving the electricity situation in the country. While the new leadership team at Transnet is working hard to improve efficiencies, the electricity situation may take years to be addressed.

Direct employees	Employee earnings	Royalties paid	Production	Total sales	Value of percentage exported
↘ -5.9%	↘ -0.5%	N/A	↘ -31.2%	↘ -21.5%	
19,587	**R6.34 billion**	**N/A**	**12.2 million tonnes**	**R17.4 billion**	**46.0%**

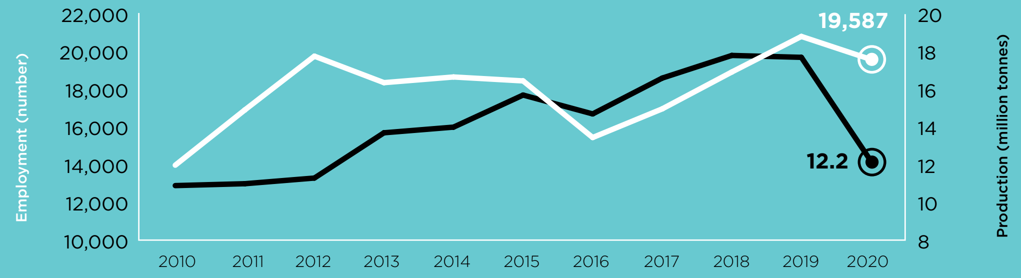
Steel or alloy making

ACCOUNTS FOR 94%

of chrome ore use.

Glencore Coal – Goedgevonden Colliery

Chrome industry production and employment: 2010 – 2020



Source: *DMRE, Minerals Council South Africa*

> *"South Africa will continue being the global leader of chrome ore supply."*

South Africa is richly endowed with a vast array of minerals. The country not only ranks highly in the resource or reserve quantum in some commodities, relative to the global endowment, but also in the diversity of minerals available. In 2020, we estimate that total industrial mineral sales amounted to R16.1 billion.

Pretoria Portland Cement

Direct employees	Employee earnings	Royalties paid
↘ -5.0%	↘ -10.1%	↗ 94.6%
11,787	**R2.0 billion**	**R453.0 billion**

Industrial minerals classification and sales

Industrial mineral category	Non metallic other	Limestone and lime	Aggregate and sand		Special clays	Dimension stone	Brickmaking materials	Salt	Building material
Contribution to total sales (%)	**35.8%**	**20.4%**	**37.6%**		**0.8%**	**3.4%**	**0.6%**	**1.4%**	**0.1%**
COMMODITY	Feldspar	Limestone	Aggregate		Attapulgite	Granite	Clay brickmaking	Salt coarse	Shale for cement
	Feldspar: Lumpy	Limestone: ROM	Aggregate: Base (g1-g)		Bentonite	Granite: Blocks	Shale brickmaking	Salt processed	
	Feldspar: Ground	Limestone: Dolomitic ROM	Aggregate: Sub-base (g4-g)		Fireclay	Granite: Sawn slabs	Building materials other		
	Gypsum	Limestone: Cement	Aggregate: Over 26mm		Flintclay	Granite: Any	Shale for cement		
	Mica	Limestone: Agricultural	Aggregate: Between 13mm to 26mm		Plastic clay	Slate			
	Phosphate concentrate	Limestone: Fluxing	Aggregate: Between 4.75mm to 13mm		Kaolin				
	Pyrophyllite	Limestone: Any	Aggregate: Sand crusher						
	Silica	Lime	Aggregate: Crusher run						
	Silica: Crude	Lime: Quicklime pyrometallurgical	Aggregate: Any						
	Silica: Processed	Lime: Quicklime chemical	Sand natural						
	Sodium sulphate	Lime: Hydrated lime water purification							
	Sulphur	Lime: Hydrated lime chemical							
	Talc	Lime: Hydrated lime any							
	Talc: Crude								
	Vermiculite								

The industry employed **11,787** people in 2020, who in turn earned **R2.0 billion.** The industry's employment has remained relatively flat over the last decade.

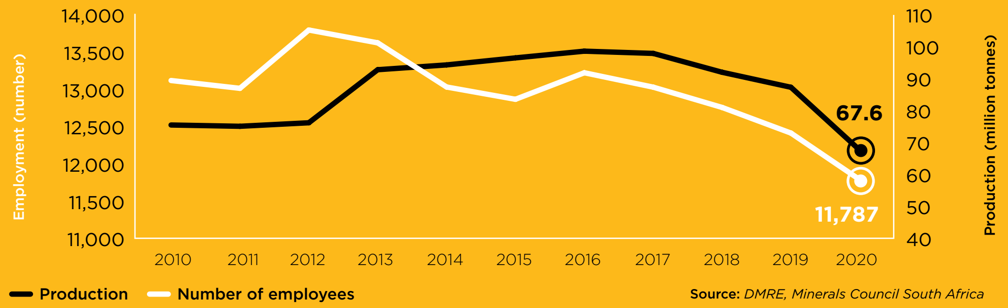
Source: Department of Mineral Resources and Energy, Minerals Council South Africa

INDUSTRIAL MINERALS continued

The industry
EMPLOYED 11,787
people in 2020

Implats – Impala 20 Shaft

Industrial minerals production and employment: 2010 – 2020



Source: *DMRE, Minerals Council South Africa*

Production	Total sales	Value of percentage exported
-22.5%	-10.2%	
67.6 million tonnes	**R16.1 billion**	**27.7%**

DIAMONDS

Diamonds comprise an intricate lattice of carbon atoms, a crystalline structure that makes them harder than any other form in nature.

This characteristic makes diamonds not only popular in jewellery, but also desirable in high-tech cutting, grinding and polishing tools.

Industry developments in 2020

- **Production:** Year-on-year indications are that the diamond industry in South Africa was the only one to record an increase in production in 2020 when compared to 2019. In the first ten months to October, production increased by 12.3%. Export sales earnings from January to November 2020 slightly increased by 1.4% compared to the same period in 2019.
- **Prices:** Global diamond prices were significantly down in 2020 compared to 2019 on account of a 20% decline in demand. Global production of diamonds was just more

Petra Diamonds – Koffiefontein

> *"Global diamond prices were significantly down in 2020."*

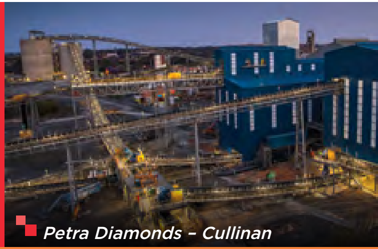
than 140 million carats in 2019 and preliminary production figures indicate that in 2020 roughly 120 million carats will be produced.

- **Investment:** With demand for diamonds almost 20% down in 2020 compared to 2019 there will be very little if any investment in new mines in South Africa.
- **Outlook:** Locally, policy continues to present uncertainty in the diamond industry. For example, requirements for dealers and diamond beneficiators may have an adverse impact on their businesses – with the unintended consequence being the ability of diamond producers to meet their required gross local sales target of 15% and 40% for medium and large producers, respectively. In the long term the local industry's performance will depend on the global consumer's balance sheet, in particular the US consumer. The COVID-19 vaccine is likely to boost demand for the US consumer as people get back to work. However, it may take years for diamond demand to get back to pre-2020 levels as consumers recover financially.

De Beers – Venetia

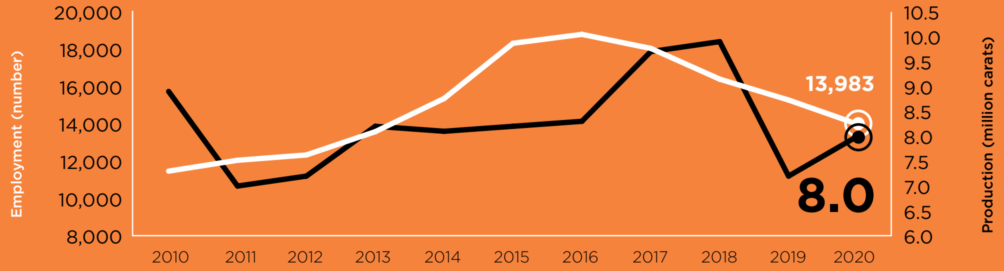
DIAMONDS ARE HARDER

than any other form in nature.



Petra Diamonds – Cullinan

Diamond industry production and employment: 2010 – 2020



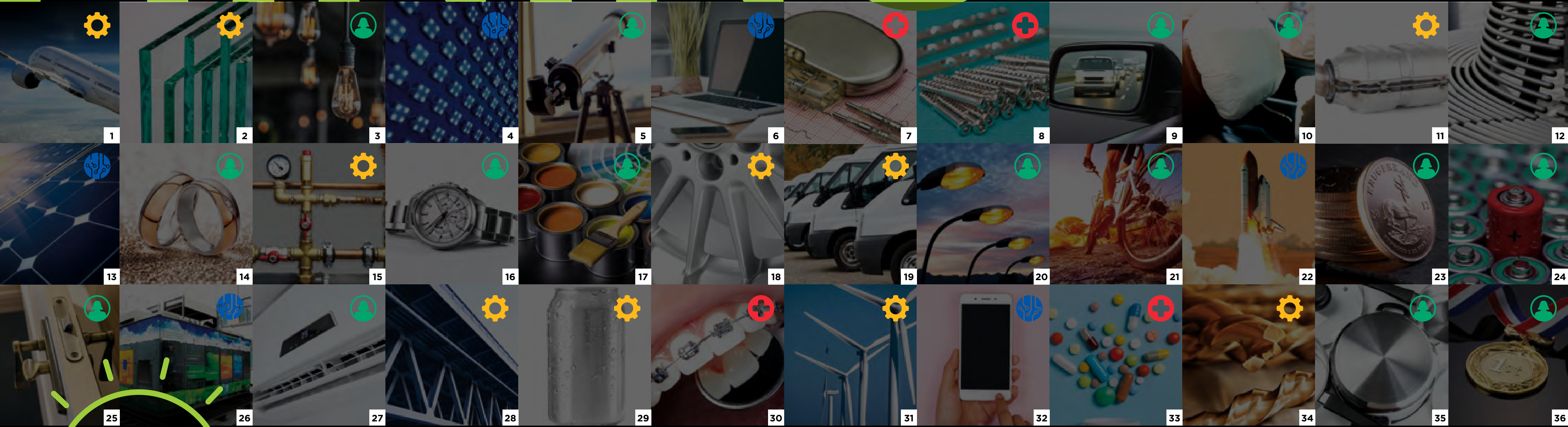
Production — Number of employees

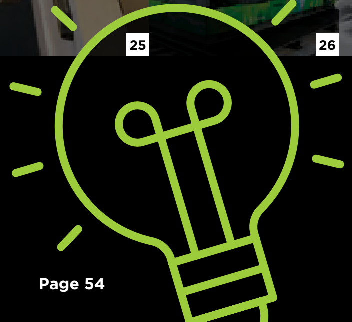
Source: *DMRE, Minerals Council South Africa*

Direct employees	Employee earnings	Royalties paid
-8.5%	-11.6%	-73.9%
13.983	**R4.4 billion**	**R95.0 million**

Production	Total sales	Value of percentage exported
12.0%	-13.6%	
8.0 million carats	**R11.4 billion**	**62.3%**

MINING IN OUR LIVES





MEDICAL TECHNOLOGY LIFE INDUSTRIAL

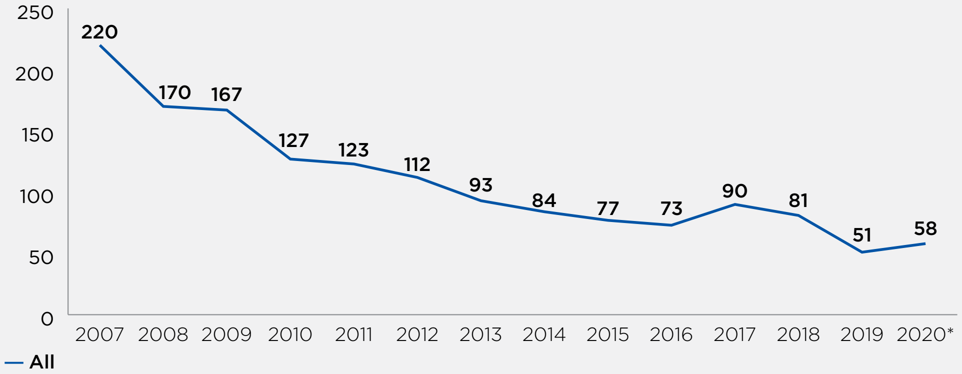
1 Coal and gold: *jet fuel and aircraft engines* **2** Platinum: *glass* **3** Coal: *energy generation* **4** Silver: *LEDs* **5** Silver: *telescopes* **6** Platinum and gold: *laptop and hard disc* **7** Platinum: *pacemakers* **8** Steel and titanium: *surgical implants* **9** Silver: *mirrors* **10** Platinum: *airbags* **11** Platinum: *catalytic converters* **12** Steel and aluminium: *metal furniture* **13** Platinum: *solar panels* **14** Gold, platinum and diamonds: *jewellery* **15** Copper: *water pipes* **16** Platinum and gold: *watches* **17** Chrome, copper and magnesium: *paint pigments* **18** Aluminium and magnesium: *alloy wheels* **19** Steel: *vehicle bodies* **20** Steel: *street light bases* **21** Aluminium: *bike frames* **22** Silver, gold and titanium: *space shuttles* **23** Gold: *coinage* **24** Silver: *batteries* **25** Copper: *door handles* **26** Platinum: *fuel cells* **27** Copper: *air conditioners* **28** Steel, aluminium, aggregate and sand: *bridges* **29** Chrome: *cans* **30** Platinum and gold: *dentistry* **31** Steel, copper and aluminium: *wind turbines* **32** Platinum: *cellphones* **33** Coal and gold: *pharmaceuticals* **34** Titanium: *drill bits* **35** Aluminium: *pots* **36** Gold: *medals and awards*

SAFETY

Safety regression recorded in 2020

As at 14 December 2020, the industry tragically lost 58 people compared to 49 at the same time in 2019. This represents an overall 18% regression in the number of fatalities year-on-year. The analysis of the fatality trends indicates that fall of ground, transportation and general classified incidents have contributed the most to the overall fatalities in recent years.

Mining industry fatalities: 2007-2020*



** As at 14 December 2020. This is a provisional year-to-date number. The official data will be released by the DMRE in the early part of 2021.*

Source: Department of Mineral Resources and Energy

A targeted approach is required to address major causes of fatalities across the various commodities as these had a different impact on the overall performance. For instance, fall of ground are a significant challenge in the platinum and gold sectors while transport-related accidents have mostly affected the coal and platinum sectors. Gravity-related rock falls remain a bigger challenge in comparison to seismic-related rock bursts.

Through the support of the member CEOs, the Minerals Council hosted the Khumbul'ekhaya annual National Day of Safety and Health in Mining virtually.

The 2020 campaign focused on the progress made on the CEO-led Khumbul'ekhaya strategy, repurposed Khumbul'ekhaya projects, mining companies' COVID-19 measures, gender-based violence and industry's health and safety performance.

A virtual tripartite stakeholder engagement was scheduled as one of the Khumbul'ekhaya initiatives aimed at strengthening collaboration between stakeholders at principal level in a trust-building manner. The tripartite engagement focused on ensuring that there is trust-based and collaborative alignment between organised labour, government and business on the efforts made towards combating the spread of COVID-19 and the improvement of health and safety performance in the industry.

The Minerals Council's Khumbul'ekhaya holistic strategic focus for 2021 is aimed at addressing the safety challenges through critical control management processes, culture transformation and peer-review risk management, leading indicators, learning from incidents and the digitisation of safety data for better decision making.

The analysis presented is solely based on TB and HIV data received from the mines that submitted reports. For 2019, reports were received from 754 mines, representing 449,246 employees. As there is a lag in the reporting of health-related performance, the statistics presented are for 2019.

In 2019, total compliance with the integrated HIV and TB policy was at 94%, while compliance with the integrated HIV and TB programme was 59%. Due to the COVID-19 pandemic and the lockdown, the number of mines that submitted DMR 164 reporting forms reduced. The total number of employees diagnosed with TB was less in 2019 compared to 2018. A very small percentage of employees who were screened for TB were positively diagnosed, and this could be attributed to the impact of TB awareness campaigns that took place in the mining industry.

Occupational diseases reported

The total occupational diseases reported in 2019 showed a reduction of 9.49% when compared to the previous year. A reduction has been noted in the following occupational diseases reported: silicosis cases by 19.57%; PTB cases by 10.66%; silico-tuberculosis (Sil+TB) cases by 31.25%; and cases of other occupational diseases by 24.69%. The coal workers' pneumoconiosis cases increased by 70.37%, and NIHL cases increased by 1.92%. The asbestosis cases reported remained unchanged at eight cases for both 2018 and 2019.

Masoyise indicator overview

The table alongside shows the Masoyise indicator overview. These indicators comprise both the indicator description and the overview of 2018/19 performance. The targets set for the project are in line with the revised DMR 164 TB and HIV reporting form, which is aligned to reporting on the full cascade of 90-90-90. The form has been reviewed and aligned to the South African National Aids Council reporting requirements through the Mine Health Safety Council (MHSC).

Indicator overview of 2018 versus 2019 performance

Activity	Milestone	Industry performance 2018	Industry performance 2019
Compliance to milestones reporting	100% reports should be finalised.	**99.3%**	**74%**
HIV counselling and testing	100% of employees should undergo HIV counselling and testing annually with all eligible employees linked to an antiretroviral treatment programme as per the South African National Strategic Plan for HIV, TB and STIs 2017-2022.	**84%**	**77.3%**
TB screening	100% of employees should be screened for TB annually.	**90.3%**	**78.3%**
TB incidence	MHSC Milestone: By December 2024, the mining industry TB incidence rate should be at or below the national TB incidence rate.	**435/ 100,000**	**378/ 100,000**
The general population aspirational target of TB incidence reduction	5% year-on-year reduction for the TB Incidence rate	**The industry is on track to meeting the target**	**The industry is on track to meeting the target**
Non-communicable diseases (NCDs)	Screen all employees for hypertension	**N/A**	**72%**
	Screen all employees for diabetes	**N/A**	**69%**

Target not met *Target met/on track*

COVID-19

During late 2019, the first cases of a new disease, later named COVID-19 by the World Health Organization (WHO), were reported by healthcare workers in Wuhan, China. In January 2020, the WHO declared COVID-19 as a public health emergency of international concern and later in March 2020, declared it a global pandemic.

On 15 March 2020, the President of South Africa declared a national state of disaster on COVID-19, in terms of the Disaster Management Act, 2002 (Act 57 of 2002), which introduced several restrictions aimed to curb the disease. Despite these measures, the numbers of COVID-19 cases in the country increased dramatically and a document called the "Guiding Principles on the Prevention and Management of COVID-19 in SAMI", was published by the Department of Mineral Resources and Energy (DMRE) in March 2020.

On 26 March 2020, a nation-wide lockdown was declared in South Africa by the President. During the nation-wide lockdown, the Minister of Mineral Resources and Energy conducted several unannounced mine visits to assess compliance by mining companies to the nationwide lockdown regulations.

All mines were required to, amongst others, conduct a risk-based assessment covering all workings at mines, reduce the number of employees transported on public transport per shift and where applicable, reduce the number of shifts per day. The primary objective of government's interventions was to ensure that as many people as possible were protected from COVID-19, and that the sector could bounce back from this challenge when the lockdown was lifted.

As of 31 March 2020, there were three confirmed cases of COVID-19 in the mining and energy sectors.

Mining companies were found not to be at the same level in terms of their state of readiness to deal with the pandemic, hence the DMRE continues to encourage all mines to work together – employers and labour unions – and to share best practices as well as to ensure that their systems are complementary to pro-actively managing the risks and the spread of COVID-19.

Harmony – Joel Mine

MODERNISATION

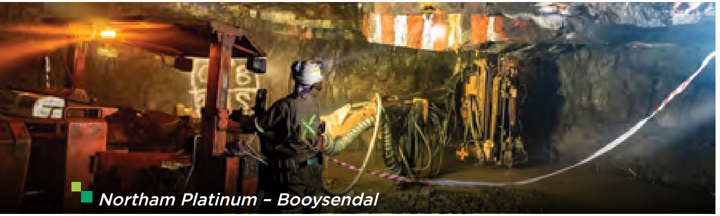
Modernisation is about improving the mine of today and simultaneously developing the mine of tomorrow. The modernisation of the industry is critical if South Africa's mining sector is to survive and thrive this decade.

Mining is critical to the new, modern economy. A 'modern' view goes beyond the mere adoption of technologies; it's a way of thinking that changes the way the industry operates and the way it is perceived. Modernisation is about embracing the elements and minerals critical to a green, low-carbon future and, more importantly, pursuing an approach that does not replace people but one that places people at the centre of the approach. Technology, which includes automation and mechanisation, is just part of a modernised approach to mining.

Through modernisation the mining industry strives to address some of South Africa's technological and social challenges while building world-leading competencies in niche areas. It is intended to bring, among other things, improved competitiveness, efficiency, and investment attractiveness which in turn encourages economic growth, expanded employment, increased exports, improved tax contributions and the continued and more responsible use of South Africa's mineral resources.

As a strategic priority for the Minerals Council, modernisation programmes encourage industry-wide change.

Our programmes are centred on a philosophy of learning by doing and aim to tackle some of the sector's most concerning issues including improvements in the health and safety of miners, retaining and creating jobs, preventing the premature closure of mines, and providing essential commodities to the world in a way that is economically viable.



Northam Platinum – Booysendal

The Minerals Council's approach to modernisation is based on:

LEADERSHIP
– building leadership consensus

POLICY ALIGNMENT
– sustaining successful change

TOOLS
– broadening applications

PROCESSES
– accelerating innovation

COLLABORATION
– working together for greater impact

Sibanye-Stillwater – South Africa PGM operations

Our programmes are clustered by focus with a just transition, productivity, local RDI (research, development and innovation) and procurement, with the fourth industrial revolution being the focus.

Women continue to play an essential role in the mining sector and their inclusion continues to be a priority for the Minerals Council.

The Minerals Council published a White Paper in 2019 and defined the women in mining roadmap for 2020, with a focus on enhancing the representation and development of women in the mining sector. Diversity and inclusion are both global and South African priorities, and acceleration towards creating workplaces that are fair and safe for men and women is critical. The deliberate shift in thinking and practice will bring the outcome that the industry and the country needs.

The Minerals Council Women in Mining Leadership Forum (WiMLF), the most high-level structure under the Board with representatives from 16 mining company members, was formalised in July 2020, with a supporting senior Women in Mining Task Team (WiMTT) to ensure that the policies and intentions adopted at board level can be effectively implemented.

The Minerals Council launched the first National Day of Women in Mining in August 2020 to spur the process within the Minerals Council leadership and within mining companies. Going forward, the industry will come together every August to take stock of progress on this Initiative.

Vedanta Zinc International – Black Mountain Mining

The industry celebrated the COVID-19 heroes in December 2020, in recognition of the leadership, commitment and sacrifices made by colleagues in dealing with the pandemic.

The six priority initiatives are supported with seven foundational measures for implementation (shown alongside), to serve as an indicator of progress. The WiMTT have established working groups to target and support the industry with action plans and best practices, towards achieving the foundational measures.

1. **Reaffirm zero tolerance for GBV through Stop Abuse campaign**
2. **Develop gender diversity and inclusion policies**
3. **Provide reporting system for gender diversity issues**
4. **Initiate unconscious bias training to transform culture**
5. **Deploy ongoing companywide pulse check survey**
6. **Build inclusive physical environment**
7. **Supply PPE for women specifically**

The Women in Mining Strategy identified six priority initiatives which included:

1. The development of a Women in Mining organisational structure
2. Having a dynamic Women in Mining communication strategy
3. The celebration of Women in Mining COVID-19 heroes
4. Gaining a commitment from member companies to deliver on the seven foundational measures (in diagram above)
5. Emphasising the defining role of women in mining's COVID-19 response
6. The integration of inclusion best practices in mining modernisation

Partnerships and collaborations are key to the success of this initiative. The Women in Mining initiative and its associated programmes have the full support of the industry's stakeholders, which include regulators and organised labour. The Minerals Council has formalised this intention with entities including the Presidency, the DMRE, the Mines Professional Association, the Southern African Institute of Mining & Metallurgy and Women in Mining South Africa (WIMSA).

Since the promulgation of the MPRDA in 2002 and the first Mining Charter in 2004, the number of women in mining among our members has significantly increased. The increase in representation has been realised across the various job categories.

Job category	Women representation (%)
Top management	25
Senior management	17
Professionally qualified employees	24
Skilled and technical employees	19

Source: Minerals Council South Africa membership data

The representation of women across the various commodities in the overall quarrying and mining sector is as follows:

	2020 (14% of mining workforce)		
Industry	No of women employees	% of women employees	2019 % of women employees
PGMs	21,103	13	12
Coal	13,828	15	14
Gold	12,281	13	12
Chrome	3,156	17	17
Iron ore	3,342	16	15
Diamonds	2,001	15	15
Manganese	1,887	15	16
Industrial minerals	1,675	14	14
Non-ferrous metals	2,862	16	15
Other minerals	966	18	18

Source: Department of Mineral Resources and Energy

Women representation in mining increased marginally in PGMs, coal, gold, iron ore and non-ferrous metals. It remained flat in the chrome, diamonds, industrial minerals and 'other mineral' industries.

Industries that recorded marginal increases in women employment as a share of total employment were:

- The PGMs industry not only saw an increase in the number of women but also in absolute terms. In 2020 there were 20,432 women employed in the PGM industry with 19,799 in 2019.
- The gold industry employed 12,281 women in 2020, moderately higher than the 2019 total of 11,915.
- The manganese industry total employed overall increased to 12,627 from 11,394 in 2019, so despite the larger number of females employed at 1,887 in 2020, the overall female employee percentage dropped from 16% to 15%.
- The number of women in the diamond industry remained flat at 15%, same as the previous year. However, in absolute terms there were 2,001 women (353 fewer) in 2020 compared to the previous year. The diamond industry, both domestically and globally faces challenges due to competition from synthetics.
- Iron ore mining also saw a slight increase in the number of women.

DRDGOLD – Far West Gold Recoveries

Mining has continued to be a significant provider of employment in South Africa.

Mining contributes to various industries and has an extensive supply chain. Jobs in mining translate to employment in other industries.

Apart from providing much needed jobs, the mining sector is a major contributor to South Africa's skills development agenda. Mining companies are required by the Skills Development Act and the Mining Charter to contribute 1% of payroll to the skills development levy (SDL) and 5% of payroll to human resource development (HRD), respectively. Despite companies receiving a 4-month SDL holiday during the COVID-19 pandemic, mining companies still contributed more than R1 billion to the SDL. Mining companies were required to continue to align to the Mining Charter which would have implied a 5% of payroll spend for HRD. This equates to an investment of more than R5 billion into education, training and development for employees, youth, women and communities at both the basic and higher education levels.

The future success of the mining industry relies on the continuous development of technical innovation and the nurturing and retention of human capabilities. Mining companies invest in education, training and development in many forms that include learnerships, bursaries, apprenticeships, internships and adult education. These investments are made to both employed and unemployed individuals that are spread nationally and in our local mining communities. Over the past five years, more than 90% of the skills development interventions in the sector were focused on historically disadvantaged individuals and more than 90% of these interventions were in the core and critical skills for mining. The mining industry, through collaboration of all social partners, was able to achieve some of the following in 2020:

- More than 1,700 higher education bursaries awarded
- More than 1,000 higher education learners/graduates supported through internships, graduate development programmes and work experience opportunities
- More than 3,000 artisans supported in their training and development
- More than 3,000 learnership programmes supported

Mining Charter 2018 – first reporting cycle

Socio-economic transformation, growth and competitiveness are reinforcing elements and remain cornerstones for the mining sector. Transformation compliance under the Mining Charter is a business imperative and its progress is tracked annually.

The first annual reports under Mining Charter 2018 (MC2018) were due for submission on 31 March 2020. Due to the national lockdown, which became effective on 26 March 2020, the DMRE issued an extension for these reports to 1 June 2020.

This first reporting cycle was a huge challenge for many mining right holders as there was little to no guidance or support provided by the DMRE. The DMRE also did not provide a reporting tool for this submission. Some DMRE regional offices tried to assist mining right holders and sent them Excel workbook templates to report in, but these were different from region to region.

During 2019, some member companies had designed and developed their own reporting tools. These were stress-tested and shared with member companies. Member companies could also modify these tools to suit their own individual needs. This meant that the first reports would be somewhat customised as there was no standardised reporting tool issued by the regulator.

A large number of member companies reported that they had submitted their first MC2018 reports to the DMRE by 1 June 2020. In some cases, as regional offices opened up post the national lockdown, mining right holders also physically delivered their reports. Due to the large volume of reports for some operations, summary reports were submitted and delivered. Our overall impressions of the first reporting cycle were that it came with many challenges, however, mining right holders remained fully committed and worked around the lockdown restrictions to submit their reports.

It must also be noted that MC2018 came with a lot of changes, especially under the ownership, employment equity and inclusive procurement elements. Ownership changes were mainly for new mining right holders. Under employment equity, the major changes were the progressive

targets introduced for historically disadvantaged persons (HDP) and for women specifically at each occupational level. These targets also needed to be aligned to the economically active population statistics per race and gender.
This meant that reporting under this element become more complex.

Under the inclusive procurement element, the changes included each product or component of a product requiring its own reporting. This included reporting the company which produced it, the HDP ownership percentage of the company, the broad-based black economic empowerment (B-BBEE) level of the company, the amount spent as well as the contract duration.

"If multiple goods are produced from a single entity, the right holder must record the different items in different rows (e.g. if a right holder procures grease and bolts from the same company, then these products need to be recorded in two rows." [1]

This new approach therefore required meticulous reporting skills. Inclusive procurement also introduced local content verification. However, some relief was provided as an exemption for this was extended for the first two years. The exemption provided the Department of Trade, Industry and Competition, the South African Bureau of Standards, suppliers as well as the mining industry some time to develop a product identification system, as well as a verification process for local content.

After two years, this product identification system and the verification of local content has not been finalised. This will make local content reporting for mining right holders close to impossible in the coming year. Minister Gwede Mantashe has previously called for a task team to discuss inclusive procurement, local content, and beneficiation. This task team is long overdue as these matters remain unresolved. As the mining industry we remain hopeful that this process will be fast-tracked by constructive consultation amongst all stakeholders. If we are to truly build a transformed, competitive and growing mining industry, all stakeholders will need to regularly discuss and establish solutions on outstanding matters.

[1] *Implementation Guidelines for Mining Charter, 2018*

SOCIAL PERFORMANCE

In addition to the legal licenses to operate (in the form of a mining right and compliance with other legal requirements), the mining industry is committed to retaining its social license to operate through its community development activities (broadly referred to as social performance).

To achieve the best possible outcomes in social performance requires strong leadership, continuous engagement with all interested and affected parties, establishment and nurturing of trusting relationships with all stakeholders, and effective collaboration between all development partners and communities.


Anglo American Coal – Zibulo Social Project

Support for host communities in 2020

Community development programmes are largely implemented through Social and Labour Plans (SLPs) - developmental instruments that are approved and regulated by the DMRE. SLP programmes and projects include the construction of social and economic infrastructure (such as health and educational facilities and roads) and enterprise development.

With the emergence of the corona virus (SARS-CoV-2) and the spread of the COVID-19 pandemic across the world, negative impacts were experienced by both the mining industry and host communities which necessitated that additional financial provisions be made by the industry. The mining industry sought to find effective and collaborative avenues of minimising the impact of COVID-19 on employees and communities, and of curbing disruptions to both the economy and the well-being of citizens. The mining industry heeded the ‘call to arms’ against COVID-19 and engaged various local, district, provincial and national departments (particularly the Departments of Education, Health and Social Development). The mining industry also reached out to and partnered with non-governmental organisations whose operational needs had escalated with the advent of COVID-19.

In addition to contributions to the national Solidarity Fund and to other regional organisations, the mining industry made significant contributions in the fight against the pandemic:

Ambulances and related services	Provision of patient transport vehicles, emergency vehicles and ancillary services to health and social development personnel.
Employee salaries	The majority of mining companies continued to pay salaries and wages of employees who were compelled to stay away from the workplace in the early stages of the pandemic (especially during Level 5 of the national lockdown). Some smaller and mid-tier companies accessed benefits offered through the UIF-COVID-19 Temporary Employer/ Employee Relief Scheme (TERS) offered by the Department of Employment and Labour.
Food parcels	Support to local municipalities and the Department of Social Development with the provision of food parcels to the most vulnerable members of mine host communities and labour-sending areas.

Medical equipment	Provision and/or purchasing of personal protective equipment (PPE) and critical medical equipment for health and social development personnel on the field (tracers), hospitals, clinics and other testing facilities. The provision of PPE included making use of more efficient mining industry supply chains to ensure that the purchase and delivery of PPE was expedited. Furthermore, medical supplies such as polymerase chain reaction (PCR) machines, PCR test kits, non-contact thermal scanners, ventilators, state of the art intensive care unit beds and other critical care equipment were purchased.
Medical facilities (mine clinics and hospitals)	Mining companies made mine medical facilities available for use by health officials where such a need arose. A fully equipped 270-bed hospital in the West Rand was donated to government, and a field hospital was built for the benefit of the Rustenburg community.
Medical personnel	Mine medical personnel were made available in several mining provinces to assist the public sector as and when required.
Quarantine facilities	The mining industry availed facilities that could be used for the treatment, quarantine or isolation of COVID-19 patients.
Water and sanitation	The mining industry joined forces with local municipalities and relevant government departments to improve access to water for communities who currently do not have access to piped water or to functional boreholes. Access was provided through the procurement and supply of water tanks, the refilling of water tanks and provision of water tankers. With sanitation being a key component in combating the spread of COVID-19, the industry also supplied vulnerable communities with alcohol-based sanitisers and related hygiene products.

ILLEGAL MINING

Illegal mining constitutes a multi-billion-rand industry and remains a significant problem for the mining industry.

It represents significant challenges and threats to national security and socio-economic development. In addition, it increases the risk of the establishment of alternative and illicit economies as all illicitly produced commodities are fed into the illegal market where the government loses out on royalties, income tax and value added tax.

It also increases vulnerability to transitional organised crimes, and other serious cross-border crimes. It therefore presents a serious risk to the sustainability of the mining industry and its ability to contribute to a meaningful future for all South Africans.

Johannesburg – illegal gold mining

Illegal mining and organised crime are usually inter-related as illegal mining is very often spearheaded by globally connected criminal syndicates.

The growth in illegal mining could be attributed to a combination of a difficult socio-economic climate, limited resources at the disposal of law enforcement agencies such as police, immigration, border controls and prosecuting authorities, thriving syndicates, gaps in legislation to charge illegal miners and the absence of a formal regulatory framework to manage the challenges presented by artisanal mining.

There is unfortunately no distinction between illegal mining and artisanal mining activities, and the absence of clarity on government's policy position around artisanal mining creates ambiguity on what law enforcement agencies are required to do to manage the issue.

JUNIOR AND EMERGING MINERS

While junior mining generally refers internationally to prospecting companies involved in the early stages of mining development, in South Africa the term is used more broadly to include exploration as well as small to mid-tier producers.

Emerging miners is also a South African term used to refer to smaller new entrants to the industry typically being BEE companies.

The sector employs 45,000 in direct jobs which is about 10% of the total industry. In terms of the commodities mined, the highest concentration is in industrial minerals followed by diamonds, coal, iron ore and manganese, gold, chrome and PGM's.

Research conducted by the Junior and Emerging Miners Desk in 2018 indicates the overall revenue and expenditure of the junior and emerging mining sector in South Africa as follows:

Revenue	R billion
Turnover	48.7
Interest	0.5
Dividends	1.6
Rental/lease	1.2
Plant/lease	0.1
Profit on assets	0.8
Other income	1.6
Revenue per annum	**54.4**

Source: Minerals Council South Africa

Expenses	R billion
Procurement	21.2
Employee cost	10.6
Depreciation of capital	2.9
Royalties and fees	1.0
Interest paid	1.1
Rent paid	0.9
Hiring equipment	1.1
Loss on assets	5.4
Other	11.3
Expenses per annum	**55.5**

Source: Minerals Council South Africa

MINERALS COUNCIL
SOUTH AFRICA

#MakingMiningMatter

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