

#MakingMiningMatter

A PUBLICATION PRODUCED BY THE MINERALS COUNCIL SOUTH AFRICA FOR MEMBERS



MINERALS COUNCIL
SOUTH AFRICA

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FROM THE CEO



Roger Baxter
CEO, Minerals Council
South Africa

The impact of COVID-19 on our industry and on South Africa through this 2nd wave, which is now easing, has been frighteningly dramatic. This can be illustrated by the data from our dashboard, which we again began issuing daily during January when the impact became clear.

The industry experienced seven deaths from COVID during December prior to the beginning of the 2nd wave in the industry. January and February have seen no fewer than 155 reported deaths, taking the total since the first death in May last year to 367.

With experts predicting a 3rd wave threatened to begin after Easter, it must be a warning to all of us to remain as conscientious as ever about the preventative

measures we need to continue to take – wear masks, sanitise, wash hands, and maintain social distancing. And if there is going to be the traditional Easter travel by industry employees, particular care needs to be taken. Where we have any capacity to influence conditions of travel, the Minerals Council will be doing its utmost.

Our hearts go out to the families, colleagues and friends of all the deceased. I would like to mention, in particular, the shock the industry has felt, first at the COVID-related death of NUM general secretary, David Sipunzi, in December, and then that of Minerals Council Board member and Head of Sibanye-Stillwater Group's South African gold operations, Shadwick Bessit.

As we continue to maintain all precautions, the Minerals Council is in the forefront of leading business's efforts to work with government on the one most positive set of efforts to eliminate the pandemic. At the special meeting of the Minerals Council Board on 11 January, members' representatives resolved to support the government-led national COVID-19 vaccine rollout, in partnership with government, organised business through Business Unity South Africa and Business for South Africa

(B4SA) and with organised labour. Minerals Council members are developing plans to assist in the vaccine rollout using the sector's significant healthcare infrastructure and delivery capability. We are also committed to working with the industry's representative unions in this regard and have issued a joint statement in pursuit of this.

“Nolitha Fakude, Vice President and Chair of the Women in Mining Forum pledged the mining industry's support for the GBVF Response Fund.”

In recognition of the incredible work done in the mining industry to mitigate the impacts of COVID, and to highlight the central role played by women in this regard, the Minerals Council nominated ten mining industry COVID-19 heroes. You can read about them

here: <https://www.mineralscouncil.org.za/industry-news/media-releases/2020/send/60-2020/1308-women-in-mining-covid-19-heroes>

On the safety front, sadly eight employees had succumbed to accident-related injuries by end-February. We are going to have to work very hard to reverse the deterioration in the improving trend we saw in 2019.



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FROM THE CEO

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The country's economic management has been a cause for deep concern for several years. In his Budget 2021 presentation, Finance Minister Tito Mboweni set out a plan for fiscal consolidation, assisted in no small measure by the taxes and royalties contributed by the mining industry in the 2nd half of the 2020/21 tax year. But there is a great deal more that needs to be done if the ambitions of his budget are to be achieved. We look forward, in particular, to greater opportunity for private sector investment in energy, rail and ports. We also await a flow-through share regime for exploration financing, something that he failed to mention.

Another victim of the COVID-19 pandemic was the annual Investing in Africa Mining Indaba. The Minerals Council was determined to ensure that the benefits were not going to be lost and decided to partner with the organisers to stage the Indaba on a virtual basis this year.

A highlight of the event was the address  <https://www.mineralscouncil.org.za/industry-news/publications/presentations/send/7-2015/1369-state-of-the-nation-address-by-mxolisi> by our Minerals Council President, Mxolisi Mgojo on the first day of the virtual Indaba.

The occasion also saw the launch of our annual Facts and Figures pocketbook, an essential reference work for all interested in the South African mining industry.

The report "Ten Insights into 4IR in Mining", compiled by PwC in partnership with the Minerals Council and published last month, acknowledges that South African mining companies are, by their very nature, innovative but there is significant room for the industry to more readily embrace 4IR and innovation.

In February the Minerals Council attended the fundraising event hosted by President Cyril Ramaphosa to secure the active participation and financial investment of the private and philanthropic sectors to address gender-based violence and femicide (GBVF) in South Africa. In representing the Minerals Council, Nolitha Fakude, Vice President and Chair of the Women in Mining Forum pledged the mining industry's support for the GBVF Response Fund, noting that it will complement what many member companies are already doing.

Finally, the Department of Mineral Resources and Energy (DMRE) reported to the Mineral Resources and Energy Parliamentary Portfolio Committee that 235 mining rights; 2,485 prospecting rights; 1,644 mining permits; 238 Section 11 change of ownership transfers; and 724 licence renewals are currently backlogged. This is particularly concerning given that exploration is the lifeblood of a thriving mining industry.

The Minerals Council has taken a practical, constructive and problem-solving approach to addressing the issue of licence delays

and is working closely with the DMRE to get permitting blockages resolved as expeditiously as possible. We have made a number of suggestions on critical reforms required to encourage greater investment in exploration and mining to the DMRE and have offered to contribute partly towards the cost of a new cadastre system, provided that the associated costs are reasonable and the South African Mineral Resources Administration System (SAMRAD) system is discontinued.

No doubt 2021 will bring new challenges. We look forward to working with our members and with government in managing them effectively.

Useful links

<https://www.mineralscouncil.org.za/industry-news/media-releases/2020/send/60-2020/1308-women-in-mining-covid-19-heroes>

<https://www.mineralscouncil.org.za/industry-news/publications/presentations/send/7-2015/1369-state-of-the-nation-address-by-mxolisi>

<https://www.mineralscouncil.org.za/industry-news/media-releases/2021/send/76-2021/1378-minerals-council-supports-efforts-to-eradicate-gender-based-violence-and-femicide>



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THE STATE OF THE MINING NATION



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Mxolisi Mgojo
President of the
Minerals Council of
South Africa



In his address Minerals Council President Mxolisi Mgojo outlined the key issues that affected the mining industry in 2020, and those fundamental factors that will affect performance in 2021.

Safety

At the outset, he reaffirmed that the industry's first and foremost priority is, and must be, the health and safety of employees.

The industry's safety performance in 2019, and the years leading up to it, was tribute to the deep and intensive collaboration between role players – companies, unions and the Department of Mineral Resources and Energy (DMRE) – in putting safety at the forefront of everything the industry does. In 2019, the mining sector recorded the lowest number of fatalities on record in South Africa's mining history. In 2020, the industry continued the implementation of the Khumbul'Ekhaya strategy with a focus on eliminating fatalities as a result of safety and health incidents, and broadened the scope to encompass COVID-19 and what is required to keep employees, their families and communities safe.

Said Mxolisi: "It is with great regret and disappointment that the industry recorded a regression in fatalities in 2020, despite shut-downs and reduced operations during the

early stages of lockdown. This regression has resulted in more intensive introspection on root causes. The primary causes of fatalities will receive more intensive attention with a targeted approach being put in place to address the major causes of fatalities across the various commodities."

Health

He noted that the industry made enormous progress on many fronts, including in respect of TB and silicosis, despite the many challenges experienced during the year in respect of occupational health surveillance and management. He acknowledged that the way in which the industry is structured and resourced from a health perspective has provided it with an advantage in dealing with the COVID-19 pandemic in 2020 and going into 2021.

Focus on vaccinations, not vaccines

Mxolisi charted the industry's approach to vaccines: "Our collective priority and responsibility as a nation is to get as many 'jabs-in-arms' as possible, as quickly as possible, to save lives and livelihoods.

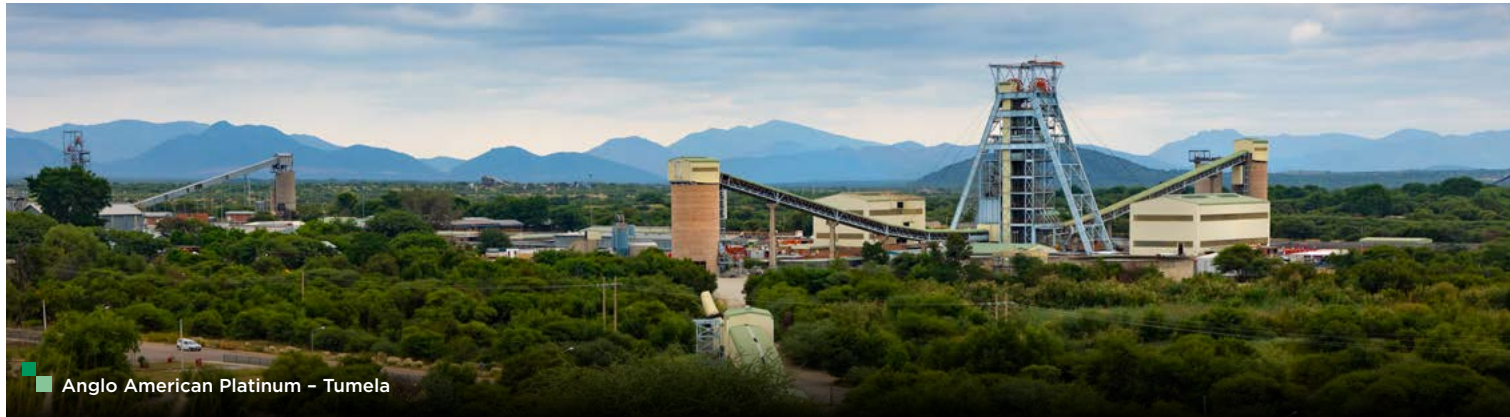
"We believe that as an industry we can vaccinate between 60,000 and 80,000



On Monday, 1 February the Minerals Council hosted the annual State of the Mining Nation online media briefing and launched the Facts & Figures Pocketbook 2020 ahead of Mining Indaba Virtual 2021.

STATE OF THE MINING NATION

continued



people a day - around 3 million people in two months. And that's not just our own workforce of 450,000 people. For every employee vaccinated, we would envisage vaccinating at least five more people be they employee family members or community members.

"What does that mean? It means providing safe custody and storage of vaccines; determining eligibility based on medical priorities; administrative back-up and record-keeping, such as registering who has had the vaccine and when, and ensuring that, where necessary, the second vaccination is done; providing healthcare personnel and disposables; and, of course, monitoring. In addition, massive educational campaigns are required. Our estimates are that the industry will spend around R300 million to vaccinate 3 million people.

"Using our significant healthcare infrastructure and capacity, the mining industry is willing and able to work collaboratively, with government and labour to successfully roll out the vaccination programme and save lives and livelihoods."

Mining Matters, impending sovereign debt crisis and the need to make SA an attractive investment destination

On the economic front, he stressed that Mining Matters, and despite the challenges faced in 2020, mining continued to make a significant contribution to South Africa and its people.

He noted that the economic crisis faced by the country existed well before the COVID-19 pandemic and that the only way the nation would exit the downward spiral

trajectory was for the country's leadership to recognise that South Africa must become a competitive investment destination and to back this up with decisive action in the form of material structural and institutional reforms to stabilise the fiscus and public sector debt; restructuring or selling non-performing SOEs; improving policy certainty; and reducing 'red tape' and making South Africa a much easier place to do business.

"The Economic Reconstruction and Revival Plan tabled on 14 October 2020 does not address the criticality of these structural and institutional reforms. Instead it focuses on a huge infrastructure plan which government has neither the capacity nor the balance sheet to be able to deliver.



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“And it is not, as has been touted, the product of a business-government ‘meeting of minds’. The mining industry, through Business for South Africa has done an enormous amount of work in making a meaningful and proactive contribution to what needs to be done to be competitive and create investment in South Africa. It has been incredibly disappointing that a lack of decisive action has meant that – six months after the proposals were tabled – we still don’t have a coherent and inclusive plan.

“Government needs to partner with, and enable the private sector to grow the economy. It can do this by allowing private sector investment into rail, ports, electricity, pipelines, for example.”

Exploration

Mxolisi explained that between 2000 and 2018 Canada attracted, on average, US\$2 billion in exploration dollars per annum, Australia attracted US\$1.8 billion, while South Africa attracted only US\$194 million during the same period.

In 2019, South Africa accounted for only 1% of global exploration expenditure and only 0.1% of Greenfields exploration due to a lack of transparency in the permitting system; delays in the issuing of permits; regulatory uncertainty; and the lack of properly structured tax incentives for individuals or entities to invest into exploration in South Africa.

Modernisation

In terms of modernisation, he highlighted the acceleration of the fourth industrial revolution or 4IR. Innovation and 4IR technologies have helped the mining industry manage the pandemic more effectively than would have been the case five to ten years ago.

Applications that were previously shunned by employees and unions, such as wearables and the remote monitoring of employees, were embraced to ensure the wellbeing and safety of mineworkers as they returned to work after the lockdown.

The industry has always advocated a people-centred, 4IR-enabled approach to modernisation of the sector.

Using 4IR technologies will also make South African mining and the rest of the economy more globally competitive and ultimately enable mining to make an even larger contribution to our economy and society.



Sibanye-Stillwater – SA gold operation

Useful links

<https://www.mineralscouncil.org.za/industry-news/publications/presentations/send/7-2015/1369-state-of-the-nation-address-by-mxolisi>

<https://www.mineralscouncil.org.za/industry-news/publications/presentations/send/7-2015/1370-state-of-the-nation-presentation>

<https://www.mineralscouncil.org.za/industry-news/media-releases/2021/send/76-2021/1367-minerals-council-president-on-the-state-of-the-mining-nation-and-publication-of-facts-and-figures-pocketbook-2020>



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ADVANCING THE ADOPTION OF 4IR IN MINING



Harmony – Phakisa

The Minerals Council partnered with PwC last year to investigate the state of digital transformation in the South African mining industry.

The aim of the research was to gain an understanding of how the mining industry visualises the impact of the Fourth Industrial Revolution (4IR) on its people, processes and technologies; how it perceives the evolution of 4IR on their businesses in the years to come; and what steps they are taking to transform their businesses in anticipation of these changes.

The research, which canvassed the views of 23 executives across 19 Minerals Council Members, culminated in the launch of a first

of its kind report in February 2021. The report titled “Ten Insights into 4IR – The State of Digital Transformation in the South African Mining Industry” unpacks ten emerging trends that the researchers believe are consistent with other international studies and can be used by mining executives and other decision makers to navigate their digital transformation journey.

“We believe that regular reports of this nature will help decision-makers across the mining cluster to make better and faster decisions that will enhance the global competitiveness of South African mining,” said Sietse van der Woude, Senior Executive: Modernisation and Safety, Minerals Council.

South Africa’s mining industry is set to undergo significant transformation in the next decade with advances in technology and innovation driving a lot of what we currently see in the mining industry going forward. With the digital world presenting so much opportunity and disruption, mining companies will need to be more agile when thinking about how to align technology with their business needs, as well as making the right choices on partnership and implementation.

“Digital is a pivotal game-changer in the mining industry. According to our research, some mining companies consider themselves as digital champions and innovators that will pilot new technologies without waiting for others to prove it first. New technologies such as artificial intelligence (AI), the Internet of Things (IoT), Robotic Process Automation (RPA), smart sensors, big data analytics, 3D printing and machine learning will all boost productivity in the mining industry. In the process, mining companies will need to look at ways to upskill their workforces to work in this new world as it will require new skills in order to unlock the benefits of digital transformation,” says Pieter Theron, PwC Partner Advisory Services and Head of Industry 4.0 South Africa.



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The Ten Insights

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1 THE CEO DRIVES THE DIGITAL AGENDA

It is notable that the largest portion of survey respondents (47%) stated that the CEO was the primary driver of digital transformation in mining businesses, with only 5.2% mentioning the CFO.

3 INVESTMENTS ARE GROWING

Even though most mining companies were Digital Novices and Digital Followers, they were making investments in various initiatives to drive specific benefits. All companies surveyed were investing in digital technologies, with the average investment portfolio across all respondents, around R111 million per year.

However, 25% of respondents were spending more than 0.3% of turnover on digital investments (an average of R166 million per year).

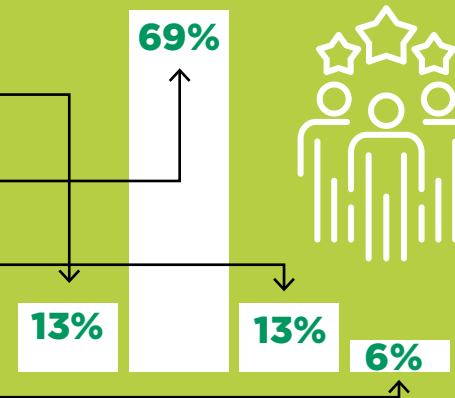
2 CHAMPIONS AND INNOVATORS ARE EMERGING:

Novice: functional silos not yet connected

Follower: functionally connected practices

Innovator: cross functionally connected practices

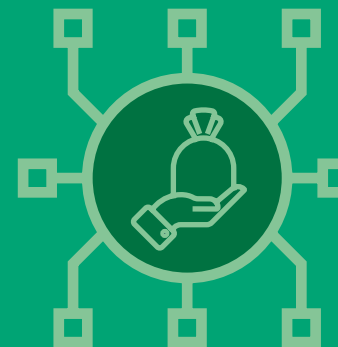
Champion: fully integrated health & safety, people, production and cost ecosystems



4 THE MAIN REASONS FOR INVESTING IN DIGITAL

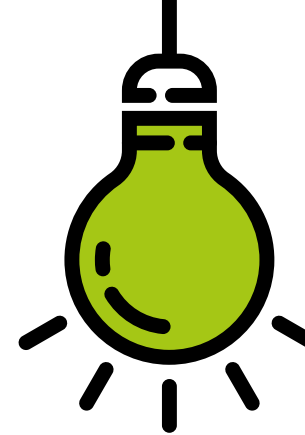
The major reasons for investments point toward throughput increase, efficiency increase, lower costs and improved health and safety. **More than 90% of the companies surveyed expected at least a 10% throughput increase with some as high as 30%. Similarly, the majority expected more than a 10% reduction in costs.**

Health and safety were also expected to improve from current all-time bests, which is good news for the mining industry as this clearly points to a safe and more sustainable industry in future.



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The Ten Insights continued



5 WHERE WILL THE BENEFITS COME FROM?

Most respondents believed that production, engineering and asset management related investments would unlock the most value. **Interestingly supply chain and logistics seemed to be one of the underestimated areas in mining that drove costs and efficiencies, but our champions and innovators were actively investing in emerging technologies such as blockchain, IoT and AI in this area to unlock value.**

7 THE WORKFORCE IS CHANGING

Nearly 95% of mining leaders believed that there would be a change in the nature of the workforce over the next five years to more skilled employees. They also anticipated an upward remuneration profile for these individuals. While some were concerned about increasing labour costs, the majority believed that the resultant productivity increases would offset these costs.

6 INDUSTRIAL IoT GETS THE BIGGEST SHARE OF THE WALLET

South Africa's mining community was asked to what extent they were using or planning to use 4IR technologies in their businesses over the next five years. The most implemented technologies were Condition Monitoring at **nearly 80% across all respondents and Connectivity and IoT at almost 60%. Nearly 50% of respondents had piloted AI programmes recently and we expect the implementation numbers to increase significantly over the next five years.**

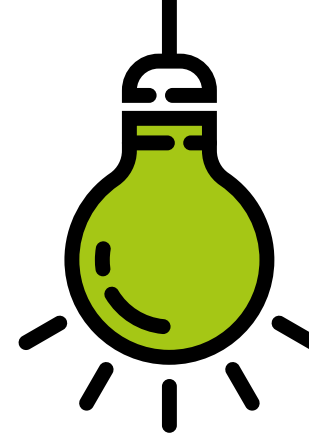
8 ORGANISATIONAL CULTURE IS KEEPING UP WITH THE TIMES

The pace of digital transformation is often dictated by corporate culture and organisational structures. Less than a third of respondents believed that their employees had the requisite skills to realise their vision of the digital future, **while over 70% believed that their leadership had a clear vision for the digital future and acted as role models for digital transformation.**



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The Ten Insights continued

9 CHALLENGES TO OVERCOME

Mining companies stated that the top three challenges in implementing 4IR technologies in their businesses were:

- data management practices are not yet mature (53%)
- the workforce lacks the skills necessary to implement 4IR technologies (47%)
- data and cybersecurity concerns (32%).

Only a quarter of respondents mentioned the challenge of return on investment as an obstacle to digital transformation.

“We believe 4IR is a key enabler of modern, globally competitive mining. Mining is an integral part of how humans, hand-in-hand with 4IR technologies, will build a socially just world keeping within its ecological limits. Using 4IR technologies to enable a more modern mining sector, SA mining will become globally competitive, attract the best talent, and ultimately contribute even more as we re-imagine our economy and society,” said Van der Woude.

10 IT IS ALL ABOUT THE DATA

The ability to manage and leverage data is a core capability to unlock the value of 4IR. Data management was a challenge to most of the respondents. Decisions in this space were often pragmatic in nature – for example rural connectivity is generally poor and mine data can often not feasibly be stored and synced without sufficient connectivity.



Rio Tinto - Richards Bay Minerals



Petra Diamonds - Finsch

Useful links

<https://www.mineralscouncil.org.za/special-features/1202-modernisation-in-mining>

<https://www.mineralscouncil.org.za/industry-news/media-releases/2021/send/76-2021/1363-ten-insights-into-4ir>

<https://www.mineralscouncil.org.za/industry-news/publications/presentations/send/7-2015/1365-ten-insights-into-4ir-presentation>

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MINERALS COUNCIL ENDORSES ICMG GLOBAL INDUSTRY STANDARD ON TAILINGS MANAGEMENT

The management of tailings storage facilities in terms of safety, the protection of society and the environment in South Africa is governed by comprehensive legislation which is supported by an extensive institutional framework as well as the SANS 10286 standards and code of practice.

Said Stephinah Mudau, Head: Environment: "The South African mining industry has come a long way in its approach to protecting the environment, working with local communities and promoting ethical business practices. Despite the advancements that have been made in respect of management practices for tailings storage facilities, we believe that the Global Industry Standard on Tailings Management will augment existing legislative

requirements, standards and practices to create a step change for the mining industry to address safety risks and the environmental sustainability of these facilities and to further improve on the management and governance of tailings dams.

"Most importantly, the standard will significantly strengthen current management practices by integrating social, environmental and technical practices, covering the entire life cycle from site selection, design, construction, management and monitoring to closure and post closure."

Although the South African mining industry is quite advanced in terms of the implementation of optimal tailings management practices, the following elements of the Global Industry Standard on Tailings Management will augment and enhance the current practices outlined

in South Africa's approach to tailings management:

- **Focus on ongoing engagement with communities and all affected people.**

In order to respect the human rights, including the individual and collective rights of indigenous and tribal peoples, a human rights due diligence process is required to identify and address those that are most at risk from exposure to a tailings facility or its potential failure. This offers meaningful engagement with communities who may be affected throughout the tailings facility lifecycle.

- **Emphasise the ongoing management and governance of tailings facilities.** It provides for the designation and assignment of responsibility to key roles for the management of a tailings facility, including an Accountable Executive, an Engineer of

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MINERALS COUNCIL ENDORSES ICMM GLOBAL INDUSTRY STANDARD ON TAILINGS MANAGEMENT continued



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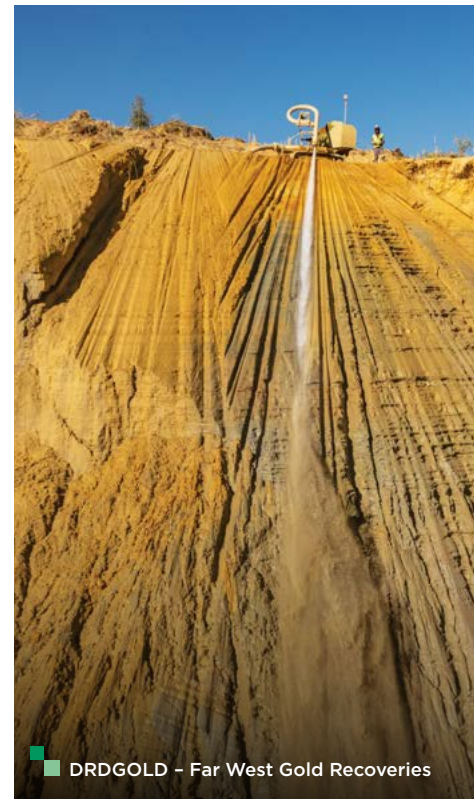
Record and a Responsible Tailings Facility Engineer. It also sets standards for critical systems and processes, such as the Tailings Management System and independent reviews, which are essential to uphold the integrity of a tailings facility throughout its lifecycle. Cross-functional collaboration and the development of a learning organisational culture that welcomes the identification of problems and protects whistle-blowers are also included. These are already standard practices in South Africa, but the standard further reinforces them.

- **Public disclosure of information** about tailings facilities to support accountability, while protecting operators from the need to disclose confidential commercial or financial information. The standard requires operators to commit to transparency and to participate in global initiatives in order to provide standardised, independent, industry-wide and publicly accessible information about tailings facilities.

The Minerals Council and its members actively participated in the development of the standard with the Minerals Council having submitted written comments for consideration by the panel of experts responsible for drafting the standard.

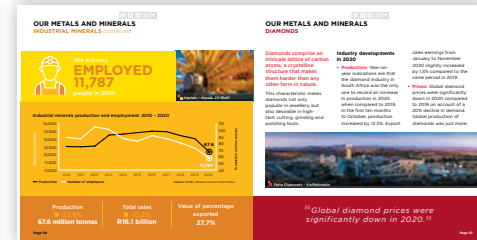
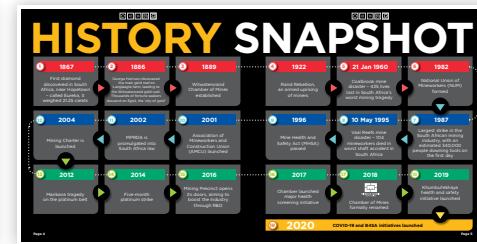
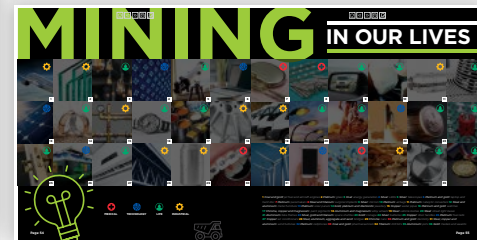
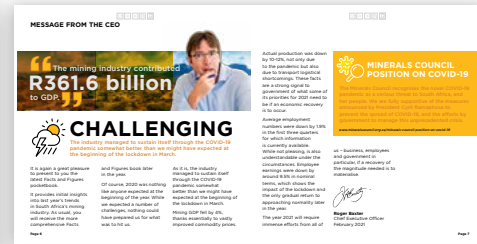
“We agree with the broad principles outlined in the standard and fully endorse its implementation by our members. We asked our members to assess their tailings management practices in accordance with the standard to determine if these are aligned and to identify any possible gaps that need to be addressed and received positive feedback, Many members have reflected on areas that could be improved, especially in respect of community involvement and assurance processes, and have indicated that their practices are now more aligned to the standard,” said Mudau.

While the standard is not mandatory, as a member of the International Council on Mining and Metals (ICMM), the Minerals Council encourages members to adopt and implement the principles outlined therein. The Minerals Council Membership Compact also requires each and every member to conduct their operations in a responsible manner and to comply with relevant legislation as well as the values, objectives, guiding principles and commitments outlined in the Compact.



Useful links

https://globaltailingsreview.org/wp-content/uploads/2020/08/global-industry-standard_EN.pdf

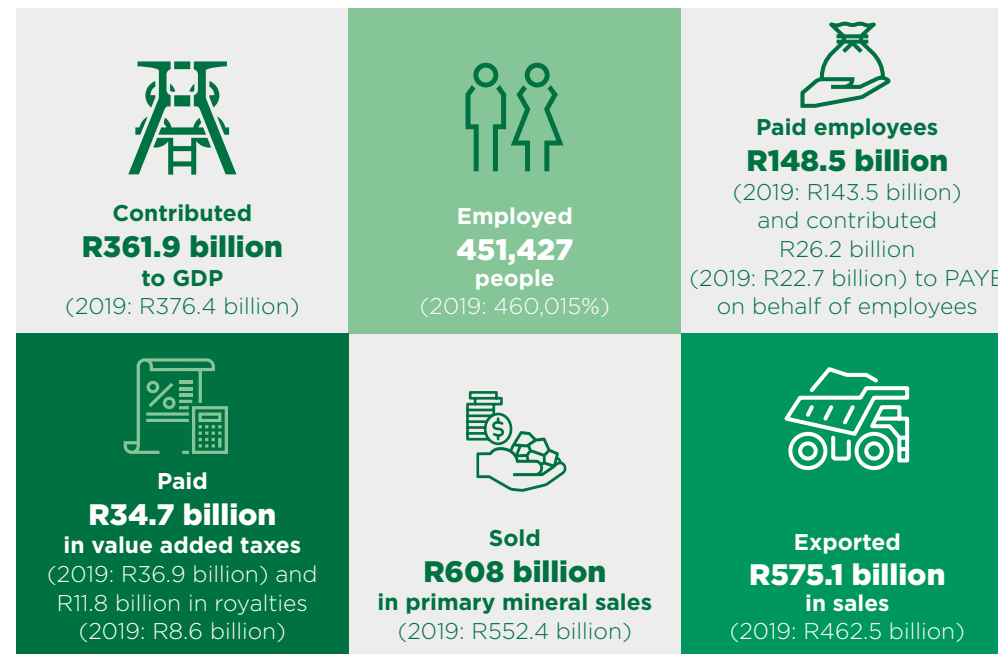


FACTS AND FIGURES POCKETBOOK 2020

The Minerals Council published its annual Facts and Figures Pocketbook 2020 in February 2021 at a media briefing on 1 February in advance of Mining Indaba Virtual 2021 which took place on 2 - 3 February. The pocketbook provides initial insights into last year's economic trends in the South African mining industry.

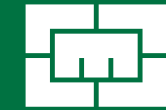
Mining continues to contribute significantly to the South African economy, therefore the availability of credible statistics that paint an accurate picture of the mining sector is crucial for the Minerals Council, its members and stakeholders. The pocketbook provides a snapshot of the industry and the impact that South Africa's mineral wealth has on our everyday lives.

Despite a particularly challenging 2020, the mining industry:



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FACTS AND FIGURES POCKETBOOK 2020 continued



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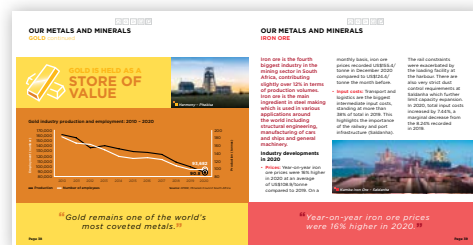
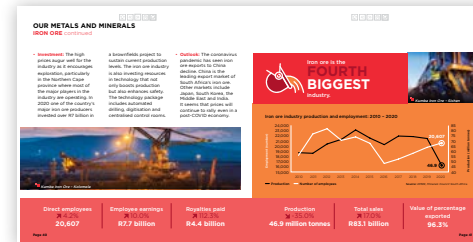
Said Henk Langenhoven, Chief Economist at the Minerals Council: "According to our initial estimates, mining GDP will have declined in nominal terms by nearly 4% in 2020, to a value of R361.6 billion. The COVID-19 lockdown resulted in an estimated inflation adjusted contraction of between 10 and 13%."

Physical production of metals and minerals was between 10 and 12% lower, which has been exacerbated by legacy logistical constraints. But the strong performance of many commodity markets meant that the value of mining turnover rose by 10% and the value of exports by 24%, demonstrating the very real value of a strong mining industry to our country.

"Based on available data we've seen a decline in employment year-on-year, but not as drastic as might have been expected. This was, in large part, a tribute to the way in which the industry – with the support of employees, unions and the DMRE – got back to work, safely and sooner than most other industries

"The industry has displayed resilience in the face of this crisis. Comparing the response to the COVID-19 pandemic with that of the 2008 global financial crisis (GFC), the GFC impact was not as deep as COVID-19 with the period to recovery significantly shorter by almost two years."

"Aligned with employment is compensation. Every job in our sector supports two downstream jobs, and every employee supports between five and 10 dependents. The investment becomes even more critical if between 2 and 4 million South Africans depend on the viability of our industry. For many companies in the sector, employees were paid during lockdown, both with the support of the Temporary Employment Relief Scheme and even beyond that. Nonetheless, our current estimates are that employee compensation declined by around 9.7% year-on-year, partly as a result of reductions in employee numbers, but also as a result of lockdown production losses.

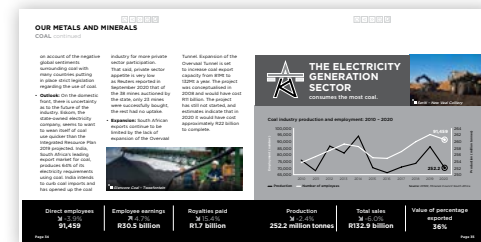
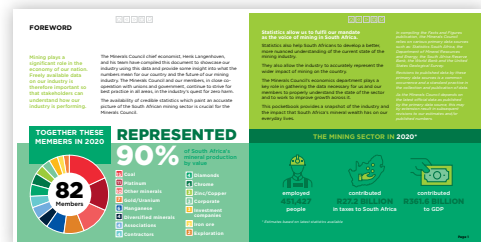


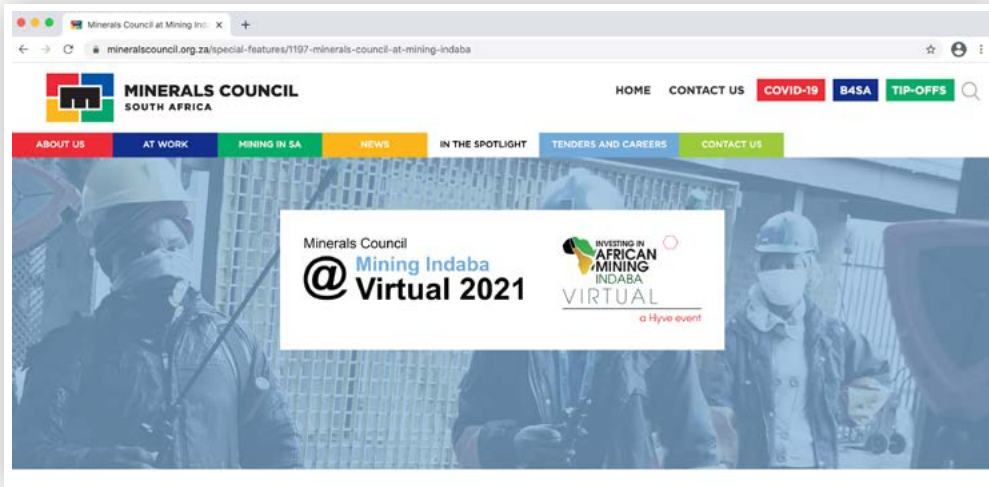
"The future is less certain, and the ability of the industry to sustain jobs is going to depend on whether the industry can attract sustaining and growth capital."

Useful links

<https://www.mineralscouncil.org.za/industry-news/publications/presentations/send/7-2015/1368-facts-and-figures-presentation>

<https://www.mineralscouncil.org.za/industry-news/publications/facts-and-figures/send/17-facts-and-figures/1366-facts-and-figures-2020-pocketbook>





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PARTNERED WITH MINING INDABA TO DELIVER MINING INDABA VIRTUAL

COVID-19 has certainly disrupted and changed the way we do things at all levels across the mining industry and, indeed, the world. No person, organisation or industry has been untouched by the effects of the largest global pandemic in living memory. We have all had to adapt to the new normal.

Since 1994 producers, investors, government officials, bankers, journalists and other stakeholders flocked to Cape Town to share their stories and engage in debates aimed at attracting investment into African mining.

Due to government regulations, travel restrictions and lockdowns in varying degrees the world over aimed at controlling the spread of the virus, for the first time in 27 years people did not shake hands at Mining Indaba in Cape Town.

“The Minerals Council has long been a supporter, partner and participant in the annual in-person Mining Indaba that attracts many thousands of people. The global pandemic meant that things needed to be done differently this year. The organisers of Mining Indaba recognised this early on and transformed the event into a virtual platform,” says Tebello Chabana, Senior Executive: Public Affairs and Transformation.

As a long-time supporter of one of the key events in the mining events calendar, the Minerals Council entered into a strategic partnership with Investing in African Mining Indaba for the Mining Indaba virtual which took place on 2-3 February 2021.

Minerals Council members played an active role and supported the event with relevant, timely and constructive content.

“We were delighted to have been able to partner with Mining Indaba to keep investing in African mining on the global agenda. It remains an ideal place for companies and investors to meet, for governments to illustrate their support for mining, and for other stakeholders to connect and debate fundamentally important issues. As the representative of most South African mining and exploration companies, the Minerals Council is ideally placed to continue to help shape the agenda, and to further our purpose of Making Mining Matter.”

Useful links

<https://www.mineralscouncil.org.za/special-features/1197-minerals-council-at-mining-indaba>

<https://miningindaba.com/Articles/mining-industry-is-ready-for-the-further-chal>

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SOUTH AFRICAN MINING NEEDS EXPLORATION TO GROW



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Orion Minerals

Exploration is the lifeblood of a thriving mining industry. We need exploration to grow our industry to ensure that South Africa has a mining industry that contributes to the economy and the lives of people in various ways in the future.

In 2019, South Africa accounted for only 1% of global exploration expenditure and only 0.1% of Greenfields exploration. Between 2000 and 2018, Canada attracted US\$2 billion in exploration dollars per annum and Australia attracted US\$1.8 billion, while South Africa only attracted US\$194 million during the same period.

Says Tebello Chabana, Senior Executive, Public Affairs and Transformation:

“Considering South Africa’s untapped mineral wealth, this is a massive missed opportunity. Only by attracting and encouraging explorers will South Africa reap the full benefit of global investment.”

In order to make South Africa an attractive destination, the sector needs:

- A transparent and efficient prospecting rights application system.
- No delays in the issuing of permits and licences.
- Regulatory certainty.
- Efficient and cost-effective infrastructure.
- Properly structure tax incentives to encourage individuals and entities to invest into exploration in South Africa.
- A flow-through share tax incentive.

Based on a survey of Minerals Council members representing over 170 mining company right applications conducted in December 2020, mining companies that are members of the Minerals Council have projects worth about R20 billion that have been prevented from being developed due to slow government processes, including delays in the approval of permits and mining right transfers, and the issuing of water-use licences and environmental permits. The projects identified include exploration and mining operations, some of which have been delayed for two to three years, and some for even longer. The survey excluded potential projects companies have not progressed yet through their investment committees, and expenditure on self-generation power projects to supplement electricity supply from Eskom, which is the subject of a

SOUTH AFRICAN MINING NEEDS EXPLORATION TO GROW continued

separate process between the DMRE and Minerals Council.

“We have taken a practical, constructive and problem-solving approach to addressing the issue of licence delays. We are working closely with the DMRE to get permitting blockages resolved as expeditiously as possible,” says Chabana.

The Minerals Council has made the following suggestions on critical reforms required to encourage greater investment in exploration and mining to the DMRE:

- Discard the dysfunctional SAMRAD application system and develop a brand new, transparent and reliable online mining cadastral system;
- Ensure the entire licensing system is electronic, with proper receipts for documents uploaded and timeframes within which feedback must be provided and licences issued;
- Ensure that any corruption or malfeasance is reported;
- Address ambiguities in the law;
- Halve licensing times; and
- Regular reporting by the DMRE on licences applied for, granted and refused to ensure full transparency.

“A cadastre system is an essential component of a modern mining economy, especially in attracting exploration investment. A mining cadastre provides extensive information on exploration in the country, allowing investors to track their application. In this way it provides investor comfort, and prevents mal-administration or corruption. While the DMRE is responsible for assessing applications and granting mining rights and licences, we know that establishing a transparent and efficient mining cadastral system is important for South African mining and have offered to contribute partly towards the cost of a new cadastre system, provided that the associated costs are reasonable and the SAMRAD system is discontinued.



“A lot of work has been done by stakeholders, including the DMRE, the Council for Geosciences, the Minerals Council and other partners to develop an exploration plan. Once finalised in the not-too-distant future, we believe this will be a game-changing plan,” concluded Chabana.

Useful links

<https://www.mineralscouncil.org.za/industry-news/media-releases/2021/send/76-2021/1401-challenges-relating-to-prospecting-and-mining-licensing-discussed-at-mineral-resources-and-energy-parliamentary-portfolio-committee-meeting>



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MEDIA RELEASES

To find out more about the Minerals Council's recent activities, take a look at the media releases listed below:

09 March	Minerals Council South Africa pays tribute to Peter Matlare
03 March	Challenges relating to prospecting and mining licensing discussed at Mineral Resources and Energy Parliamentary Portfolio Committee meeting
24 February	Minerals Council notes Finance Minister's 2021 Budget speech
04 February	Minerals Council supports efforts to eradicate gender-based violence and femicide
03 February	Minerals Council and labour unions committed to work together to address COVID-19 to save lives and livelihoods
01 February	Minerals council president on 'The State of the Mining Nation' and publication of facts and figures pocketbook 2020
01 February	Ten insights into 4IR - The state of digital transformation in the South African mining industry: PwC and Minerals Council South Africa report
19 January	Minerals Council mourns the passing of Shadwick Bessit
15 January	Mining industry committed to support national COVID-19 vaccine roll-out effort
26 December	Minerals Council offers condolences on the death of David Sipunzi
21 December	Minerals Council South Africa partners with Mining Indaba
02 December	Minerals Council celebrates Women in Mining COVID-19 heroes



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