

THE STATE OF THE MINING NATION MEDIA BRIEFING
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3 FEBRUARY 2025
07:00 - 08:30

CTICC 2 MEDIA LOUNGE
INVESTING IN AFRICAN MINING INDABA 2025

Good morning, ladies and gentlemen and welcome. A special welcome to our Office Bearers and Board members led by Paul Dunne. This morning, I will be delivering a brief State of the Mining Nation address to accompany the launch of our Facts and Figures 2024 booklet, which will give much greater detail to the matters we'll be touching on this morning.

When I look back to my inaugural State of the Mining Nation brief last year, I am pleased to say that as a country we have made progress in moving on from that rather difficult time, when the significant Transnet underperformance and loadshedding were the biggest constraints on the mining industry and the economy.

Before what is expected to be a temporary setback on power supply over the weekend, we have had more than 300 days without loadshedding, a clear indication that when the government and private sector collaborate, we can remove the shackles on our economic performance and growth.

We are in the early stages of realising the benefits of our collaboration to address the very real challenges on the rail network and at our ports, but we are encouraged by the progress the private sector and government partnership has made so far.

We are starting to see small green shoots of the railways network stabilising, with improved tonnages delivered by coal mining companies to the privately owned and run Richards Bay Coal Terminal. Our coal members have worked with Transnet to secure the North Corridor railway and ensure spares and batteries for the locomotive fleet. This fundamental cooperation shows what is possible if we all work together to address the bottlenecks constraining both mining companies and state-owned companies.

The Network Statement released late last year provides an encouraging platform for the inclusion of the private sector in running trains. The private sector's participation is critical to

rapidly grow capacity of railed tonnages and it represents one of the major structural changes the Minerals Council has advocated for to ensure operating mines can realise their full economic potential from exporting without constraint.

We are heartened by the enormous structural reforms the government has implemented to bring the private sector into energy and logistics to stabilise and reverse the crises in these two fundamental drivers of the economy.

As we resolve constrained electricity supply either through an improved performance by Eskom or renewable energy projects within the mining sector, and we see Transnet's rail performance stabilising, the mining sector's contribution to the economy and society will likewise further improve.

Our members spend tens of billions of rands procuring goods and services from BEE-compliant and women- and youth-owned companies annually. About R2 billion was spent in enterprise and supply development by our members. The more the mining sector grows as we unlock exploration, new mine development and investments in existing mines, we will increase employment opportunities and benefits to broader society and the fiscus.

In 2024, our wage bill was R195 billion, which is R30 billion more than 2021, the year the economy started recovering from the COVID-19 pandemic. Total primary mineral sales increased to R801 billion from R794 billion in 2023.

Mining is a significant source of jobs in our economy, directly employing 475,000 people. We estimate our industry's multiplier effect to be 10 other employment opportunities for every employee in the mining industry.

I don't wish to create the impression that our industry is not facing tremendous headwinds with commodity prices and export channel difficulties, but we think we are seeing the platform laid for a recovery in the operational environment for our sector.

Water is a growing crisis for our industry, the economy and society at large. During 2024, several mining operations were disrupted by constrained water supplies. This is no longer an emerging crisis, but it has manifested in different regions to varying degrees and it demands urgent intervention at the highest level in a partnership between government and the private sector.

I am pleased to illustrate how, once again, mining companies have stepped up as trusted social partners in Limpopo for the Lebalelo water project and in the Northern Cape at the Vaal Gamagara Water Supply Scheme to ensure water is supplied to communities, mines and other businesses. The combined total cost of these two initiatives is about R37 billion. The presence of mining as an end-user will enable the financing, assisting government to raise the required capital for construction.

Mining and exploration need a conducive legislative environment to function efficiently, characterised by stable, fit-for-purpose and investor-friendly regulations with a professional,

well-resourced and capacitated regulator to efficiently manage mineral rights applications and licences in a timely and transparent manner.

The Department of Mineral and Petroleum Resources (DMPR) is conducting a review of the Mineral and Petroleum Resources Development Act (MPRDA). We continue to advocate for globally competitive legislation that 1) improves investor sentiment towards mining in South Africa that will lead to growth, 2) provides for partnership and collaboration amongst mining companies and with government for social investment and development 3) appropriately provides for safety and security of mine employees and communities, production and processing assets and the mineral products from these operations, consequently unlocking South Africa's enormous untapped mineral potential.

We are assured by the DMPR that the mining cadastre will be implemented by the middle of this year. This is an important development for the industry, which does not have a healthy pipeline of exploration projects and new-mine developments to ensure its long-term, sustainable future.

We expect an efficient, modern and transparent cadastre to manage mineral right applications and licences, reducing the backlog of unprocessed application, cut waiting times for decisions from the DMPR, address perceptions of malfeasance in the processing of rights, prevent the application and granting of overlapping mineral rights, and largely remove the human element from the process, expediting investment decisions and growth of the sector.

The cadastre is just one small part of the constraints facing the mining industry.

If we work with our regulator, just as the private sector has so successfully done on energy and transport logistics as trusted partners, we can truly unlock our mineral wealth for the benefit of all South Africans, our economy, the region and the continent.

With that, may I remind you of our Wednesday morning media briefing in this venue at 8am to 9am. We will explore these topics in greater depth as well as other matters affecting our members and what we're doing to address them.

May I hand over to Hugo to take you through our Facts and Figures for 2024.

Thank you.

MZILA MTHENJANE
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