

WHAT MINERS WANT: TO GROW THE SOUTH AFRICAN MINING INDUSTRY

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INVESTING IN AFRICAN MINING INDABA 2025

Good morning, ladies and gentlemen and welcome to this morning's media briefing after a busy two days at the Investing in African Mining Indaba – Future Proofing African Mining, Today, I am joined by Nikisi Lesufi, Hugo Pienaar and Tebello Chabana.

The session this morning provides an opportunity for the Minerals Council to share with you our perspective on what we believe is required for the South African mining industry to perform better than it has in the recent past.

We believe that the industry has the potential to grow, and by so doing taking along many other industries such construction, manufacturing, financial services, transport and manufacturing. Not forgetting agriculture, business tourism, skills development and further education. The mining industry is the uncontested catalyst of South Africa's economy.

Our industry made a significant contribution in 2024, despite significant headwinds of lower commodity prices and constrained export channels.

- Mining generated a turnover of R1 trillion (-9% from 2023) from a diversity of minerals, including precious metals, bulk commodities and industrial minerals.
- The industry was then able to contribute R433 billion (-2.6% from 2023) to the economy.

- This performance was achieved through employing 475,000 people and paying R195 billion in wages and R117 billion in combined taxes and royalties. If the multipliers of ten jobs created in other industries for every job in mining and then each job supporting four or five family members, mining really does matter.
- Achieving a record safety performance meant more people returned home unharmed.
- Several millions were spent within local municipalities both within the confines of social and labour plans and beyond, on education, health, roads, municipal capacity building and infrastructure, to improve the well-being of communities within which mines operate.

I have deliberately and somewhat provocatively entitled this session “*What Miners Want*” to leave no doubt as to what we believe will enable the mining industry to grow.

We want to grow, because we want the mining industry to make a better, bigger and sustainable contribution to the well-being of the people of South Africa, as illustrated above.

South Africa is the world’s largest supplier of platinum group metals, manganese and chrome because of the size of our deposits. South Africa for decades dominated gold supply and still has vast resources. We have rich deposits of various other metals and minerals.

If we consider the development of new mines and a flurry of exploration around the world and on our continent, we are simply not competitive or attractive. This is because of the state of our infrastructure which is essential to the competitive performance and growth of the mining industry, as well as our regulatory environment. We have spoken about the progress to date on electricity and logistics through the collaboration between business and government, Operation Vulindlela 2.0, where the shared ambition of achieving 3% GDP growth has been agreed.

Transnet is implementing historic reforms to open its rail network and ports to private sector investment and participation, which will ultimately lift railed tonnes from about 160 million tonnes this financial year (to end-March) to an aspirational 250 million tonnes before this decade is over. Mining companies, the biggest users of rail and harbours, are going to play a critical role in achieving this target.

Eskom has had 311 days without loadshedding, with the private sector providing support and engineers to assist with power plants. The mining industry has a renewable energy pipeline of about 90 projects worth more than R275 billion to generate 15.8GW. As these projects are commissioned in coming years, it will take pressure off the grid, freeing up electricity for the economy.

In the unfolding water crisis, mining companies are assisting in Limpopo and Northern Cape to ensure R37 billion in water supply projects are brought to fruition.

Essentially all these efforts speak to: “***Ask not what the mining industry can do for you, but rather, what you can do for the growth of the mining industry.***”

It is clear from the conversations we’ve been engaged in and hearing at this Investing in African Mining Indaba that South Africa and its mineral wealth faces stiff competition from across Africa to attract local and foreign investment for exploration and mining development. Our continent is abuzz with activity for the metals and minerals needed to enable the development and advancement of the economy and our society, as well as enable the energy transition to a low-carbon future.

Mining and commodities are an important player in our economy and the economies of many other African countries, ranging in contribution to GDP from 6% in South Africa to above 50% other countries.

For our mining industry to be able to play a strong and competitive game and win for the nation of Mzansi, we want:

- a regulatory environment that encourages local and foreign investment into our prospecting sector, which for the past four years has attracted less than 1% of global exploration spending. With a vibrant exploration portfolio, we see an enduring, sustainable mining industry that changes the fate of many people, lifting them from continued unemployment, poverty and hunger to dignity and pride because of the wealth that mining can create.

- provisions for exploration companies in the DMPR's review of the Mineral and Petroleum Resources Development Act (MPRDA), that are fit for purpose for prospecting, junior, mid-tier and major mining companies, encouraging investment through business-friendly laws.
- The expected and timely introduction of a modern, transparent mining cadastre that will bring South Africa level with other mining jurisdictions in terms of efficiency of licencing to 1) urgently manage the backlog of unprocessed prospecting and mining right applications 2) speedily process and issue new applications without contestation and court cases, effectively removing perceptions of malfeasance. An investment-friendly exploration environment will encourage the creation of prospecting funds from the private sector, broadening the options for access to finance and opening further opportunities for new entrants to complement the funding from government that is granted on a conditional basis and excludes a broad range of newcomers.
- Government departments to be aligned and streamline various aspects of approving prospecting and mining applications. The creation of a one-stop shop for investors to expedite exploration and mining projects is critical. A holistic approach from a fully functional regulator, with skills and capacity to manage the sector is equally essential to align on the needs and performance of the industry, address the speed at which decisions are made and to strengthen the trust between the DMPR and the industry.
- A process with the DMPR, which much like Operation Vulindlela, will focus attention on three or four key constraints on investment and growth in the mining industry, and to collaboratively work on fixing them as a matter of urgency.

The Minerals Council commissioned a third-party study into the MPRDA during 2024 to understand objectively whether the Act has achieved its stated aims of growing the mining sector and encouraging development and transformation. This report is on our website this morning along with a two-page summary. Encouragingly, Minister Gwede Mantashe has described our sector as the most transformed of all economic sectors. However, when it comes to growth, the MPRDA has not achieved its goal.

In addition, the report was holistic in its approach. It covered both contextual concerns and specific industry issues. The study, which incorporated inputs from a broad range of stakeholders, reviewed several areas of mining including recommendations on growth in GDP, exploration and employment, environmental management, artisanal, small scale and junior mining and institutional changes.

To conclude, South Africa is on a mission to ignite inclusive economic growth, create jobs and reduce poverty. The mining industry is a key player and contributor to this mission. We believe that a growing mining sector, with both large and small players, new entrants, including women- and youth-owned businesses, is a transforming sector.

Fully functional and cost-competitive infrastructure will encourage industrial investment, adding value to our minerals, and creating value for the country which will maximise the value of our exports, grow and broaden our economy and create jobs which will enhance the dignity and pride of all South Africans.

Thank you for listening and I welcome questions.

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