

28 May 2025

Minerals Council South Africa 135th Annual General Meeting

Paul Dunne

President

Good morning everyone,

I would like to extend a warm welcome and thank you to Honourable Mineral and Petroleum Resources Minister Gwede Mantashe, our Board members, fellow CEOs, and the media to this our 135th Annual General Meeting.

As we reflect on the past year, it is evident that South Africa's mining industry remains a cornerstone of economic stability despite formidable challenges. The sector continues to play a pivotal role in job creation, foreign exchange earnings and industrial development, reinforcing its position as a vital contributor to the country's economic and social fabric.

Despite the vital role that mining plays in South Africa's economy, its contribution to GDP has declined over the years. This is not due to a lack of potential but rather the result of structural challenges, ranging from regulatory uncertainty to infrastructure constraints.

The mining industry employed nearly 475,000 people in 2024 and employee earnings increased by R9 billion to R191 billion, which contributed positively to the lives and livelihoods to our employees, their families and their communities. The economic multiplier effect of mining is immense and each job in mining has a high dependency ratio.

However, the industry is undoubtedly going through a difficult time. Company tax halved to R43.6 billion, royalties shrank to R16 billion from R25 billion and the industry's contribution to GDP is 6.1% from 6.3% in 2023.

Mining in South Africa has always been about resilience, innovation and people. Our industry operates in some of the most demanding and complex mining conditions in the world. Our members aim to manage sustainable mining operations in the world's deepest mines beneath the surface, while navigating complex regulatory and policy environments above ground, and contending with the influence of global economic dynamics on mineral and commodity prices.

In a spirit of collaboration and a shared commitment to contributing to the success of the South Africa mining industry, we continue to adapt, invest and find solutions that enable us to sustain this critical sector.

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Several critical challenges shaped our agenda in 2024, requiring decisive leadership and strong collaboration with government, regulators and other stakeholders.

One of the most pressing concerns has been illegal mining, a challenge that has escalated into an organised criminal enterprise, threatening lives, legitimate mining operations and the stability of surrounding communities. The Minerals Council has engaged extensively with government, particularly the security cluster, and the Department of Mineral and Petroleum Resources (DMPR), and supported interventions that improve enforcement, enhance security measures and protect South Africa's mineral wealth from exploitation by criminal syndicates.

Of equal concern has been the impact of infrastructure constraints, particularly in electricity supply and rail logistics. Through consistent engagement with Eskom, government and the National Energy Crisis Committee (NECOM), we have played a critical role in driving policy changes that allowed mining companies to invest in self-generation and alternative energy solutions – an important step toward securing energy independence for the sector.

On the logistics front, inefficiencies at Transnet have severely impacted our ability to move bulk commodities to global markets. The Minerals Council has been at the forefront of advocating reforms, working with government and industry partners to accelerate much-needed improvements in rail and port capacity. The leadership changes in 2023 and 2024 at Transnet signalled a shift towards a more accountable and results-driven approach.

While progress has been slow, we are beginning to see incremental improvements in operational efficiencies and intend to advocate an acceleration of resolutions to these critical challenges.

As a people-centric industry, our commitment to safety and responsible mining has never been stronger. The mining industry has made significant strides in improving health and safety outcomes, with fatalities and injuries continuing to decline, thanks to the collective efforts of industry leadership, government and labour. A defining moment in 2024 was the signature of Health and Safety Milestones for the next 10 years, reaffirming our commitment to ensuring that every worker returns home safely.

Environmental sustainability remains a critical focus area. As the world shifts towards a low-carbon economy, South Africa's mining sector is at the heart of this transition and it is imperative that the just transition is managed pragmatically, balancing climate ambition with economic reality.

We must ensure that policy decisions do not undermine energy security, industrial competitiveness or job security – a stance that the Minerals Council continues to advocate in its engagements with policymakers.

Transformation in mining is not just a compliance exercise; it is a business imperative. We acknowledge the strides made in increasing female representation – now approaching 19% of the workforce.

On a broad-based basis mining is one of the most transformed sectors of business.

Through Social and Labour Plan (SLP) initiatives, mining companies continue to invest in education, healthcare and infrastructure, supporting the development of thriving and self-sustaining communities. The Minerals Council remains committed to working with government and other stakeholders to scale these efforts and maximise social impact.

Many of the challenges and successes of our industry are well known and have been extensively reported on in our media, although I would like to suggest many positive human stories from our wonderful industry remain known only to those of us inside.

For today however, I need to raise two extremely important areas which we believe will dominate the coming year.

Firstly, the cost of power and associated annual escalation.

For any country to be competitive, the cost of electrical energy is fundamental to our competitiveness. Recently, we have once again experienced annual increases in the mid double digits. This has been brought about by a combination of the NERSA-agreed rate increase, compounded by additional charges in the tariff structure.

Effectively, these cumulative and compounding increases are putting our beneficiation processes to the sword and threatening the future of the remaining large shaft systems. We perceive this as price gouging to the detriment of our economic base and continued increases of this nature can never be a solution to Eskom's woes.

It is also a sure way to damage Eskom's future business potential. The Minerals Council will engage Eskom through the Energy Intensive User's Group to firstly understand why this has happened given that the grid has stabilised and secondly determine what needs to be done to protect our industry.

Secondly, I would like to speak about employment and the link to investment.

Unemployment and the lack of economic opportunity inflict a terrible pain and cost to society. Some would say the greatest of all economic evils.

Our sector needs to be prioritised from a policy point of view such that South Africa remains an attractive destination for investment and exploration with a distinct link to job creation and job preservation.

We cannot control global commodity prices, but we can invest through the cycle **if**, and only **if**, the right policies and investment climate are in place. These policy levers, broadly speaking, lie with government.

When we examine the recently published Mineral Resources Development Bill, we ask ourselves two questions:

Does this contribute to an improved investment climate?

And,

Secondly, is this employment positive?

Our considered answer to both questions is “No, it does not” and therefore, as it stands it cannot go unchallenged.

It is not my intention to “sandbag” the Minister with a long list of technical and substantive reasons as to why the Bill is very problematic in its current form. Today is not the correct forum.

The Minerals Council is a strong and professional advocacy group representing virtually the entire mining industry. We will respond formally through the public consultative process, and beyond, should that be required, and our detailed responses will be made public at the appropriate time.

On behalf of the Board, I would like to thank our Vice-Presidents, Themba Mkhwanazi, Richard Stewart and Mpumi Zikalala, who provided invaluable support and guidance during 2024. I look forward to working with you all again in 2025 as we continue to strive for the best possible outcomes for our industry, our employees, our communities and the economy.

Mzila Mthenjane, who has served two full years at the helm of the Minerals Council as CEO, is leading complex industry matters with distinction.

Finally, I wish to acknowledge the unwavering commitment of our mining companies, industry leaders and employees – the men and women who make this sector what it is. Their dedication, skill and resilience ensure that mining continues to be a pillar of South Africa’s economic and social landscape.

The structure of our economy is such that mining must succeed for South Africa to succeed.

Thank you.

I would now call upon the Honourable Minister Mantashe to address us.