

State of the Mining Nation

Mzila Mthenjane, CEO

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Investing in African Mining Indaba 2026

Thank you, Paul, and good morning to all our media colleagues and guests.

Thank you for joining us this morning for our State of the Mining Nation and Facts & Figures Pocketbook 2025 launch.

The Minerals Council is a lobbying and advocacy organisation whose members account for 90% of South Africa's mineral turnover annually. Consequently, we are well placed to compile an annual snapshot of mining's contribution to the economy and our country. Bongani will take you through the key points in a short while.

Last year at this time and in this same venue, I outlined ***What Miners Want***. This was an overview of what the South African mining sector wants in order to change sentiment and build confidence towards investment in domestic exploration, mine development and existing operations to create and sustain jobs, increase the sector's contribution to the fiscus and to society at large.

It's important to understand the powerful multiplier effect of mining. Direct suppliers to the sector employ about 400,000 people, bringing direct employment (470,000) and supplier employment to nearly 900,000 people. If we use a family of four, this means 3.6 million people's livelihoods are supported by mining. For every R10 million worth of minerals produced, the mining industry helped generate an additional R1.8 million in new investments across the economy — through its own operations and the businesses that supply it.

The industry, when combined with suppliers invested R193 billion in machinery, equipment, vehicles, and construction, accounting for close to 20% of South Africa's national gross fixed capital formation. Capital formation is critical to sustaining economic growth.

Growing the mining sector will grow the economy and create jobs. That is why we advocate and lobby for regulatory and operational changes through structural reforms that will encourage investment in exploration and mining.

While a year is far too short a time to expect our list of wants to be fully met, it is time enough to assess progress in ***Are Miners Getting What They Want***. Is sentiment improving and are the partnerships we have forged with our stakeholders delivering as we expect them to or are the constraints that are preventing the sector from delivering to its full potential still in place.

There are areas where there is encouraging progress, not only for the mining sector but for the broader economy and the country. Paul has touched on these in his introduction. I'll go into a little more detail as I elaborate on the Minerals Council's theme for this year's Mining Indaba: ***Forging Partnerships for Growth***.

Our most important partnership is with the Mines Inspectorate in the Department of Mineral and Petroleum Resources and organised labour as we strive to achieve Zero Harm at South Africa's mines. This is the partnership we value most highly because of the significant interventions the sector has made in fatalities, injuries, and occupational diseases. Please join Japie Fullard, the Chair of the Minerals Council's CEO Zero Harm Forum, Dr Thuthula Balfour and Dushendra Naidoo here tomorrow morning when they will speak about 2025 and the gains the sector has made. They will also speak about how we will achieve Zero Harm. Suffice it to mention that we completed the year with a 2% improvement in fatalities, 12% less serious injuries and 7.6% fewer occupational diseases.

The business partnerships with the government in Operational Vulindlela under the Presidency have resulted in South Africa's removal from the FATF Grey List and S&P Global upgrading the country's credit rating in the final quarter of last year, which are positive for sentiment. The markets will reward progress in South Africa and we must not be swayed from urgent structural reforms and tangible interventions to make our country investable for the benefit of all our citizens.

I'll focus on four key areas that most affect the mining sector.

The most material issue: The MRD Bill

Last year at this time, we knew the Mineral Resources Development Bill was a work in progress in the Department of Mineral and Petroleum Resources. The first iteration gazetted in May 2025 was disappointing. It did not encourage or sustain the investment and growth that the mining industry needs to realise its full potential to create employment, stimulate the economy and fulfil its social mandate

The lifeblood of mining is exploration. Without it the mining sector has no future. In South Africa, exploration expenditure was R781 million in 2024, down from a peak of R6.2 billion in 2006, according to Stats SA data. This is deeply troubling for our sector and it needs urgent attention. The DMPR and IDC have set up a R400 million exploration fund and Anglo American is contributing R600 million more. This is a step in the right direction but South Africa needs to unlock global exploration interest and funds through sensible laws and access to relevant geological and geosciences information. The world's largest resources company, BHP, has turned its focus on South Africa through its Xplor programme, partnering with Orion Minerals, which is bringing a zinc and copper mine at Prieska into production and has an extensive exploration footprint in the Northern Cape.

Since May last year we have held talks with the DMPR on our submission regarding areas of concern for our members with the Bill. These engagements were generally constructive. We anticipate the revised Bill, which we expect to be published in coming weeks, will reflect our inputs to ensure mining attracts investment in exploration, mine development and existing operations.

In answer to the question ***Are Miners Getting What They Want***, we are cautiously optimistic but if the revisions mirror the first iteration of the Bill, we will continue robust engagements with the DMPR.

The industry cannot thrive in an environment of policy uncertainty, where Acts are ambiguous and regulations discourage investment or are changed every few years, shifting goal posts, becoming more onerous or placing excessive obligations on ventures and established businesses. Exploration and mining investments need regulatory and fiscal certainty over extended periods of time, ensuring returns on large amounts of capital invested by shareholders.

It is of fundamental importance for the Minerals Council that the Bill creates certainty, predictability and a competitive regulatory environment, while eliminating ambiguity in what will become the Act to ensure we build on the successes we have had to date. The Minerals Council and its members are committed to transformation of the industry, which can be further broadened by a flourishing mining sector, creating new opportunities for all role players and newcomers.

As Paul has mentioned, it is critical that the mining sector, the DMPR, organised labour and our stakeholders develop a shared vision for the future of South African mining. For too long we have travelled in the same general direction but not together, united in the goal of growing South African mining by attracting investment across the spectrum. Bongani will outline what the sector's contribution to our economy was in 2025. It's safe to say that it is not fulfilling its potential considering South Africa's extraordinary mineral endowment.

Once again, we extend our invitation to all our stakeholders to collaborate to achieve this vision.

Transport logistics – a partnership that is delivering

Transnet's rail performance has bottomed out and trending upwards from its low of 149 million tonnes of all freight in 2022. In 2024, Transnet lifted deliveries 10 million tonnes higher than 2022 reaching 160 million tonnes. and we're anticipating about 168 million tonnes in the current financial year to end-March. The Minerals Council was at the genesis of the private-sector partnership with the Department of Transport, Transnet and the Presidency to urgently address the 77-million plunge in railed tonnages in 5 years to the 149 million tonnes, quite rightly categorised as a crisis.

Coal deliveries to Richards Bay Coal Terminal (RBCT) fell to 48.7 million tonnes in 2022 from 77 million tonnes in 2017. They are now at 57.7 million tonnes in 2025 as the joint initiatives and interventions with Transnet staged by coal mining companies through the privately owned RBCT deliver results.

Export iron ore rail deliveries fell to 51 million tonnes in 2022 from 58.5 million tonnes in 2017. Deliveries for the next two years have remained between 50 and 51 million tonnes.

While the improvement in rail services is encouraging, Transnet is simply not meeting its own targets and it is a long way from achieving the 226 million tonnes it railed in 2017, however, it could reach its 250 million tonnes by 2030 target with private sector participation.

The inability to reach rail targets has negative consequences for the mining sector. Bulk commodities like coal, chrome, manganese and iron ore are constrained, with alternatives like road transport an expensive option that narrows profit margins and threatens business viability when commodity prices soften.

It is imperative that the process of bringing private-sector train operators onto key rail export channels is expedited and that Transnet finds a mechanism to invest in its rail network to deliver optimal operating conditions. Likewise, the processes to bring private operators to the ports is essential.

We cannot afford any deviation from the timelines to enact the unbundling of Transnet Rail Infrastructure Manager and Transnet National Ports Authority from the Transnet Group set for approval in September 2026 and the actual process at yet-to-be-determined date. We fully expect the target of four train operating companies to be in operation by the December 2026 to be met to underpin confidence in the rail and port reforms the government has laid out.

Electricity – mixed results

Whilst the complexity of the restructuring is acknowledged, following through on these processes will avoid the market disappointment evident in the apparent deviation from the Eskom unbundling plans which would have placed all of the utility's transmission assets into a separate independent company to liberalise the energy market by bringing in new producers and moving away from a monopoly electricity supplier. The new entity would oversee an expansion of the constrained transmission grid – a vital step to encourage investment in renewable energy projects as South Africa transitions to a lower carbon future.

The Department of Electricity and Energy's decision to retain the transmission company as a subsidiary of Eskom sends investors and the business community entirely the wrong message about the government's intentions regarding deep and meaningful structural reforms South Africa desperately needs to reignite our sluggish economy and make inroads into our high rate of unemployment, particularly among the youth.

The mining industry welcomes the absence of loadshedding for the past year, which has enabled mining and processing continuity without interruption. However, we are deeply concerned about the more than 900% increase in electricity prices for large industrial users since 2008. This is not

sustainable and has rendered our industry uncompetitive compared to our global peers, particularly in energy-intensive smelting and refining.

Placing tariffs and export quotas on chrome ore will not revive the ferrochrome industry. Cheaper electricity to compete with China is the only solution. The Minerals Council welcomes the effort of the Department of Electricity and Energy and Eskom's provision of cheaper electricity to the ferrochrome industry, which will enable a phased restart of smelters and save jobs.

However, a more holistic approach towards reducing electricity costs is required for our economy. Comments by Eskom CEO Dan Marokane about the need to reduce tariffs shows the level of awareness at the utility and within government that our economy will remain stagnant at prevailing prices. Expanding the grid with 14,000km of transmission lines and liberalising the electricity market through and well-considered and expedited unbundling of Eskom will unlock billions of Rands of investments in renewable energy projects. We must note that coal-fired power plants are essential for baseload electricity supply and the process of diversifying South Africa's energy mix must be undertaken with pragmatism and due care to ensure a Just Energy Transition.

Crime and Corruption is now in full focus

Much has been said by the government about addressing crime and corruption, but progress remains painfully slow and serves as a deterrent to investment. Business has now made this a key priority in its partnership with the government through Operation Vulindlela to target specific reforms of the criminal justice system, modernising courts and policing systems, and by providing capacity and technical expertise.

The Minerals Council will play its role in the partnership to make South Africa safer for all citizens through the restoration of law and order.

Conclusion

There are other examples of partnerships where mining is making a difference, particularly in water provision in Limpopo and the Northern Cape where our sector is enabling the investment of more than R30 billion to ensure water is supplied to communities, mines and other businesses.

The contributions mining makes directly and through partnerships are many and demonstrates why #MiningMatters. ENDS//