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Minerals Council CEO urges quick action to catch up with rest of continent

Mzila Mthenjane cites a flurry of exploration in Africa, but warns that SA is falling behind

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by JACOB WEBSTER



Mzila Mthenjane, Minerals Council SA CEO. Picture: SUPPLIED

The third day of this year's Mining Indaba kicked off with a sober reminder from Minerals Council SA that the local mining sector is falling behind its African peers in terms of exploration and investment attractiveness.

In a speech with the provocative title, "What Miners Want", Minerals Council CEO Mzila Mthenjane said that the surge in dealmaking in African mining is an opportunity for SA to capitalise on its mineral endowment through business-friendly exploration regulations.

"If we consider the development of new mines and a flurry of

infrastructure and regulatory environment as the roots of the problem.

In particular, he highlighted an underinvestment in the prospecting sector, with SA attracting less than 1% of global exploration spending over the past four years despite being home to most of the world's platinum group metals (PGMs), manganese and chrome, with reserves of other commodities likely to be critical in the green energy transition.

“It is clear from the conversations we’ve been engaged in and hearing at this Investing in African Mining Indaba that SA and its mineral wealth faces stiff competition from across Africa to attract local and foreign investment for exploration and mining development,” said Mthenjane.

“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.”

To unlock the value of SA’s natural endowment, the Minerals Council emphasised the need for a regulatory environment that encourages local and foreign investment in the prospecting sector.

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- Mzila Mthenjane
Minerals Council CEO

With the government now expected to review the Mineral and Petroleum Resources Development Act by end-March, Mthenjane urged the department of mineral resources to incorporate provisions for exploration companies that make the prospecting laws more business friendly.

He also emphasised the need for a modern, transparent mining

the backlog of unprocessed prospecting and mining rights applications while speeding up the process for new applicants.

With an investment-friendly exploration environment in place, these regulatory changes would encourage the private sector to create prospecting funds, broadening access to finance and opening new opportunities for investment in exploration.

He also urged the department to take a holistic approach with other government departments to better align SA's mineral policy with the laws in other sectors in its pursuit of streamlining the process for approving prospecting and mining applications.

Mthenjane said he was encouraged by mineral resources minister Gwede Mantashe's description of the sector as the most transformed of all SA's economic sectors, but said "when it comes to growth, the Mineral and Petroleum Resources Development Act has not achieved its goal".

The need for business-friendly regulatory updates comes as SA's mining input costs continue to rise well above the rate of inflation, putting a dampener on the sector's profitability.

Recent data from the Minerals Council shows mining input cost inflation moderating to 5.1% year on year in 2024, well below the 13.3% recorded in 2022 and 9% in 2023, but the sector faces growing uncertainty this year.

Global factors, including a potential trade war with US President Donald Trump, now pose a risk to input costs and overall inflation in the local mining sector, said Minerals Council economist Andre Lourens.

Additionally, the effect of ongoing geopolitical tension on driving up logistics and energy costs and global trade disruptions could weigh on the demand for SA commodities, particularly those for which China is a major export destination.

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