

MEDIA STATEMENT

MINERALS COUNCIL SOUTH AFRICA REMAINS COMMITTED TO FINDING SOLUTIONS TO REVITALIZING EXPLORATION, JUNIOR MINING, AND THE RESOURCES SECTOR

Johannesburg, 1 June, 2022. The Minerals Council South Africa will achieve more for the country's minerals sector by proactively assisting, offering help and constructive input to the Department of Mineral Resources and Energy (DMRE) to resolve constraints than engaging in public criticism and battles, says CEO Roger Baxter.

In his keynote address at the start of the two-day 2022 Junior Indaba, Baxter noted that little would be achieved through an antagonistic relationship with the regulator and the Minerals Council, representing 78 member companies and associations generating 90 percent of South Africa's annual mineral production, preferred to play a constructive, partnership role in addressing the industry's concerns to find sustainable solutions.

The approach does not mean there are not robust engagements with the DMRE or that litigation is not an option, he says.

The acknowledgment in the DMRE's Exploration Implementation Plan that the SAMRAD cadastral system was dysfunctional, that it was taking too long to process prospecting and mining right applications, and that stricter use-it or lose-it measures must be applied over these rights to prevent sterilising of mineral deposits were significant concessions by the department. The acknowledgment that there must be a tax incentive, like Canada's flow-through shares, to stimulate exploration investment is positive, he says.

These concessions were a major first step in addressing and fixing the constraints that had contributed to South Africa staying stubbornly below 1% of global exploration expenditure for a decade and well off the 5% high of 2003, he says.

"We are not sitting here just criticising the government. We are saying, you have a problem, it's your problem and it's our problem. We will play a role in trying to sort it out," he says, noting the Minerals Council and its members were deploying experts to assist the government. It has offered to fund the purchase of a transparent, off-the-shelf cadastral system.



“Is it perfect? No, it’s not, but it’s far better than having an antagonistic bunfight over these issues,” he says.

The Minerals Council had deep reservations over the DMRE’s recently gazetted Exploration Strategy, which the Minerals Council had no role in drafting, and it had concerns about the Exploration Implementation Plan, which was a document which it negotiated with the department and the Council for Geoscience.

“The Exploration Strategy is out of synch with the Exploration Implementation Plan, and it does not find resonance with the Minerals Council’s views,” says Baxter. “The Plan is a step in the right direction, but we now need to take it to the point where we reduce time frames and apply Smart Tape instead of Red Tape.”

Among concerns about the Exploration Implementation Plan were the high level of ministerial discretion, no recognition that exploration tenures must be more than 15 years to attract venture capital-funded investments, and the introduction of meritocracy to be used as the basis to determine the granting of prospecting rights instead of the first-come, first-served system.

The Minerals Council will accept Minister Mantashe’s offer at the Minerals Council AGM to talk to him and his officials about the Exploration Strategy and Exploration Implementation Plan to address areas of unhappiness.

Roger Baxter’s presentation at the 2022 Junior Indaba may be accessed at <https://www.mineralscouncil.org.za/downloads/send/7-2015/1888-junior-mining-indaba-2022>

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