

MEDIA STATEMENT

THE MINERALS COUNCIL WELCOMES PRESIDENT RAMAPHOSA'S COMMENTS AT THE INVESTING IN AFRICAN MINING INDABA 2023, AND SAYS URGENCY IS THE KEY IN ANNOUNCED STRUCTURAL REFORMS

Cape Town, 7 February 2023. The Minerals Council South Africa welcomes the interventions into removing obstacles curtailing mineral exploration, mining and exports that President Cyril Ramaphosa outlined in his address today, and it stressed that urgency on key structural reforms in energy and transport logistics to truly unlock the sector's potential.

Among the interventions President Ramaphosa detailed at the *Investing in African Mining Indaba 2023* was the purchase and implementation of an off-the-shelf cadastral system to modernise and improve the processing of prospecting and mining rights. The prevailing system has resulted in a backlog of thousands of rights that are unprocessed in the Department of Mineral Resources and Energy (DMRE), severely constraining South Africa's exploration and junior mining development, particularly in minerals needed for green energy applications.

President Ramaphosa said there were fundamental and significant reforms of the energy market to encourage and streamline private sector participation in electricity generation. The government wanted the private sector to enter the rail and port sector which is operated by state-owned Transnet.

The Minerals Council is a willing and constructive partner in talks with the government and its state-owned entities to find solutions to unlock the economy and is encouraged by President's Ramaphosa's plea for the private sector to step forward to find sustainable and innovative ways to resolve the country's economic bottlenecks.

"President Ramaphosa's speech hit all the right notes and he has touched on the key points that are constraining the mining industry that the Minerals Council has identified, but it is absolutely vital that we see real urgency on implementing the interventions and measures he



outlined. We need action. The time for talking has long passed,” says Roger Baxter, Minerals Council CEO.

“We are encouraged by the government’s recognition that it must buy a proven, off-the-shelf cadastral system rather than developing a bespoke system. It’s key to bringing in new entrants into the sector. We would encourage the DMRE to resolve the backlog of thousands of rights in the next six months rather than in the medium term,” he says.

The separation of Eskom into its constituent parts, particularly the creation of a separate state transmission company, is critical to ensure investment in expanding the grid and allowing private sector’s energy projects, which total 9GW and are valued at more than R160 billion, are commissioned quickly to address South Africa’s crippling electricity shortage. “It needs to happen now otherwise we cannot bring the energy projects on stream that we want to develop. It is important for our members to reduce their carbon exposure and protect their markets.”

Eskom CEO Andre De Ruyter has said Eskom needs up to 6GW of new energy generation to give the utility the space to conduct maintenance of its aged fleet of coal-fired power plants supplying 80% of its electricity. The mining industry has 6.5GW of energy projects, which will take pressure off Eskom, reduce its exposure to carbon-based electricity, and ensure reliable, lower cost sources of energy.

The Minerals Council is in regular talks with Eskom to provide assistance, data and advice so the mining and minerals processing industries are not damaged and that employees are safe.

Private sector involvement on the railways, particularly the main commodity corridors, as well as operating ports will be a game-changer for the economy, says Mr Baxter.

The Minerals Council estimates the mining industry forfeited revenue of R50 billion in 2022 when Transnet Freight Rail’s deliveries are measured against target. The loss was R35 billion in 2021.

If the railways were operated at nameplate capacity, the Minerals Council estimates mineral exports would generate R150 billion more revenue of which R27 billion would go to the fiscus.

The Minerals Council Board and the Transnet Board agreed a partnership in December 2022 to stabilise and restore rail operations to contractual levels and then grow network utilisation

to installed capacity. The partners have agreed bringing more junior and emerging miners onto the railways and ensuring export allocations at ports is a core part of this work.

The Minerals Council is working closely with the government's security cluster to address illegal mining and deteriorating security on mines and state infrastructure. The formation of a dedicated mining police task force is still a priority.

“Measures to address the procurement mafia needs urgent and consistent attention. They are negatively impacting the entire economy and damaging investors' perceptions of South Africa as a safe, secure mining investment destination,” Mr Baxter says.

For further queries:

Allan Seccombe

Head Communications

Tel: 064 650 4636

Email: aseccombe@mineralscouncil.org.za

Web: www.mineralscouncil.org.za