HOW CAN WE MAKE MINING MATTER
REALISING POTENTIAL OF SA MINING INDUSTRY

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MINING CONTRIBUTION SUMMARY: IN 2018*

Direct contribution of mining to GDP: R356 billion (2017: R335 billion)

Mining GDP growth rate (2017/2018): 1.2%

Mining contribution as % of total GDP: 7.3% (2017: 6.8%)

Mineral export sales: R312 billion (2017: R307 billion)

Direct contribution of mining to fixed investment: R93 billion (2017: R81 billion)

Total primary mineral sales: R475 billion (2017: R474 billion)

Royalties paid: R7.6 billion (2017: 7.5 billion)

Company taxes paid: R22 billion (2017: R19 billion)

PAYE by mining personnel: R21 billion (2017: R19.1 billion)

* Estimates based on latest statistics available
CONTRIBUTION to GDP

Mining’s contribution to GDP % (real terms)

- 2009: 8.2%
- 2018: 7.3%

Direct contribution to GDP (Rbn)

- 2009: R201bn
- 2018: R356bn

Mining GDP in real terms has been stagnant for 25 years.
HAVING A SHARED VISION OF THE FUTURE OF THE RSA MINING INDUSTRY
ETHICAL LEADERSHIP AND GOOD GOVERNANCE
AVAILABLE, EFFICIENT, COST COMPETITIVE AND RELIABLE INFRASTRUCTURE
IMPROVING PRODUCTIVITY AND COMPETITIVENESS
CREATING A 'GREENFIELDS EXPLORATION BOOM'

South Africa's share of African exploration budgets 2000 - 2017 (%)

South Africa's exploration budgets 2000 - 2017 (Rm)

- 2000: 20.3%
- 2017: 8.3%

- 2000: R403.6m
- 2017: R87.1m

Minerals Council South Africa
AVAILABLE, EFFICIENT, COST COMPETITIVE AND RELIABLE INFRASTRUCTURE

<table>
<thead>
<tr>
<th>Year</th>
<th>Gold (Rm)</th>
<th>Other mining (Rm)</th>
<th>Total mining (Rm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>971</td>
<td>4,449</td>
<td>5,420</td>
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<tr>
<td>2007</td>
<td>1,214</td>
<td>5,722</td>
<td>6,937</td>
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<tr>
<td>2008</td>
<td>1,492</td>
<td>7,220</td>
<td>8,711</td>
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<tr>
<td>2009</td>
<td>1,542</td>
<td>7,675</td>
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<tr>
<td>2010</td>
<td>1,452</td>
<td>7,428</td>
<td>8,880</td>
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<tr>
<td>2011</td>
<td>1,473</td>
<td>7,742</td>
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<td>2012</td>
<td>1,427</td>
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<td>2013</td>
<td>1,404</td>
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<tr>
<td>2014</td>
<td>1,392</td>
<td>7,953</td>
<td>9,345</td>
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<tr>
<td>2015</td>
<td>1,346</td>
<td>7,907</td>
<td>9,253</td>
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<tr>
<td>2016</td>
<td>1,264</td>
<td>7,642</td>
<td>8,906</td>
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<tr>
<td>2017</td>
<td>1,080</td>
<td>7,931</td>
<td>9,011</td>
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<tr>
<td>Total</td>
<td>16,056</td>
<td>87,144</td>
<td>103,201</td>
</tr>
</tbody>
</table>

**IN 2017, THE MINING INDUSTRY SPENT**

R9.5 billion on electricity, representing 11.9% of total intermediate input costs. If the 15% annual tariff increase is granted, the sector will likely spend R14.5 billion on electricity which represents a 75% increase in electricity tariffs from 2017 to 2021.

Source: Minerals Council calculations based industry/sector coefficients
A growth rate of between 3% and 5% could result in a doubling of most mining outcomes in 12 to 15 years.

**WHAT IF?**

We asked what could happen if the policy, regulatory and governance environment improved substantially?

Estimated currently planned capital spend over next 4 years of R145 billion (stay-in-business) capital could increase by R122 billion (84%).
With R122 billion more investment,

- **48,000** direct jobs
- **150,000** direct and indirect jobs created

**Potential investment per commodity**
(R billion)

- Coal: 51.4
- Diamonds: 0.4
- Energy: 30
- Gold: 37.5
- Uranium: 3.1

Additional potential of R122 billion capex
Thank you

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