

# Presentation to NW Mining Conference

## Economic Overview of the North West Province and Mining Opportunities

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# South Africa and North West Key Indicators

<b>Population</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
SA Million	57,7	58,8	59,6	60,3
Annual Growth %	1,5%	1,5%	1,5%	1.1%
NW Million	3,90	4,03	4,09	4.13
Annual Growth %	1,5%	1,5%	1,5%	1,2%
<b>Economic</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>GVA-R (Constant Prices 2015)</b>				
SA (R billion)	4 121	4 124	3 879	4 071
Annual Growth %	1,5%	0,1%	-5,9%	5,0%
NW (R billion)	208	208	193	205
Annual Growth %	1,2%	-0,4%	-7,1%	6,2%
CPI Inflation	4,7%	4,1%	3,3%	4,5%
PPI	4,6%	4,7%	2,5%	7,0%



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# South Africa and North West Key Indicators

<i>Unemployment rate, official definition (%)</i>	Apr–June 2020	Jul–Sept 2020	Oct–Dec 2020	Jan–Mar 2021	Apr–June 2021	Jul–Sept 2021
SA	21,6	28,3	33,3	32,2	35,2	35,7
NW	23,3	30,8	32,5	32,6	34,4	34,9



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# Sectors contributing to the NW Economy and comparative advantages

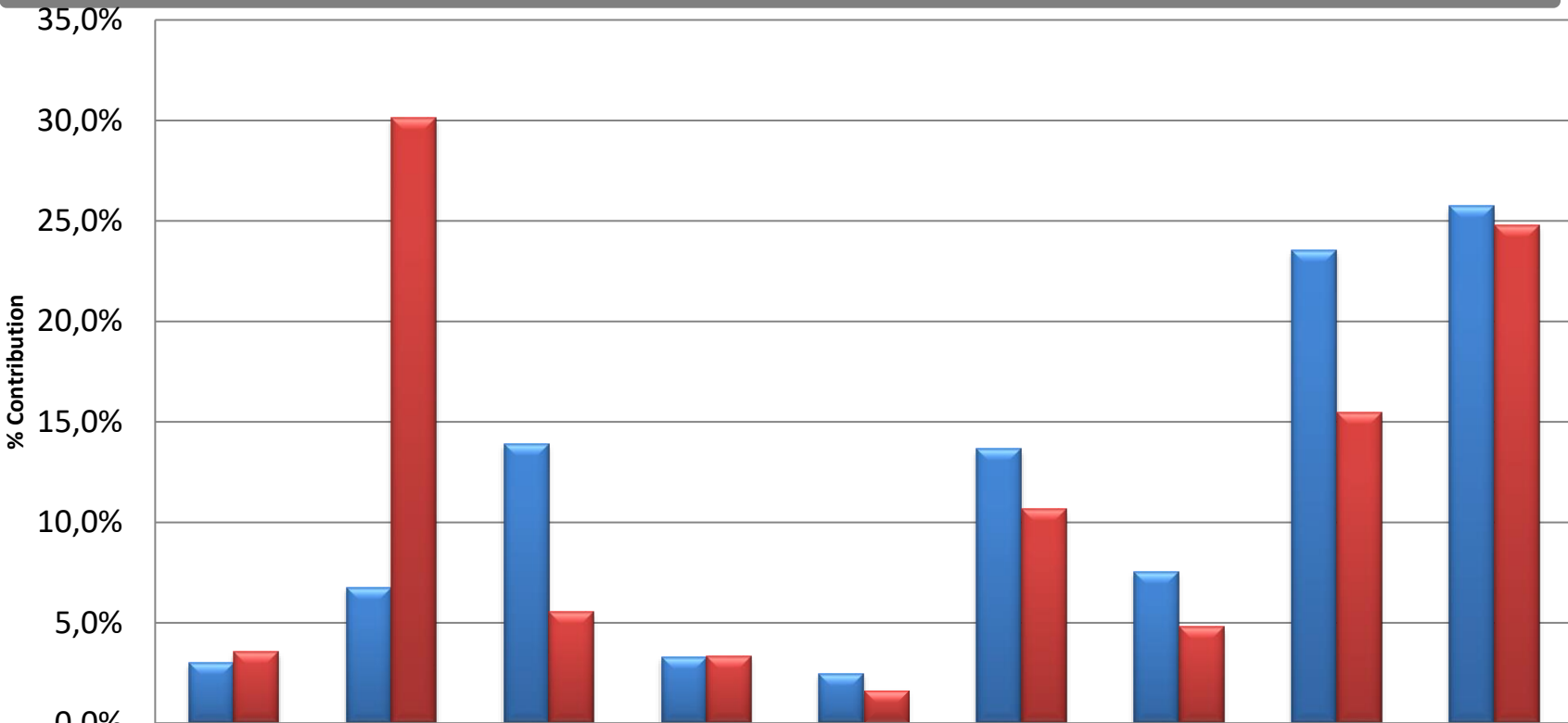
- Mining and community services followed by the finance sector have been contributing the most to the North West economy.
- Agriculture, finance, trade and tourism are also sectors that contribute significantly to the economy and employment of the province.
- Mining is the sector that has grown the most since 1996 followed by community services and the finance sector.



# GVA-R; Sector's share of regional total (%); Broad Economic Sectors (9 sectors); Current prices (R 1000) 2020



(Source: IHS Markit; Regional eXplorer 2175 (2.6p))



	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services
SA	3,0%	6,8%	13,9%	3,3%	2,5%	13,7%	7,6%	23,5%	25,8%
NW	3,6%	30,2%	5,6%	3,4%	1,7%	10,7%	4,8%	15,5%	24,8%



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# North West Mining and Mineral Contribution

- There are nearly 397 active mines in the North West province of South Africa (this includes quarries and small diamond mining operations) and 288 issued mining rights (Source:Quantec July 2021) ;
- Platinum is the most important mineral as the province sits on the biggest concentration of platinum group metals in the world;
- Platinum group metals is the major product of the mining sector in the North West as the province contributed 40% of world's platinum and 55% of the platinum produced in the South Africa in 2017. The North West Province also produced 70% of the dimension stone and granite, 32% of chrome and 20.7% of gold of South Africa. Other minerals produced in the province include diamonds, vanadium, slate, limestone, nickel, silica, manganese, phosphate, fluorspar and zinc.

(Sources: DMR Statistics Combined 1. Mr Omphemetse Moumakwa Mineral Economist: PGM and Gold; 2. Refiloe Motsie Mineral Economist: Industrial Minerals; 3. Mr. Pieter Perold; DMR, Mineral Economics; 4. GFMS Gold Survey)



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# Contribution of Mining to Economic Growth

- Mining has the potential to positively impact on the establishment of infrastructure such as roads, services, commercial enterprises which will in turn provide increased economic opportunities to the communities in the province;
- There is a direct link between mining, economic growth and employment;
- Much of the economic activities in the input industries are attributable to the mining sector. (Multiplier effect);
- In general about 72 % of South Africa's energy needs come from mining; and
- The mining sector pays nearly double its GDP share in corporate tax in South Africa.
- The Mining industry is also mitigating their major risks of energy and labour security and supply demanded by deep mining by implementing mechanisation and green energy creating new investment opportunities.



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# Quick Facts on Mining in SA and NWP

- North West mining GVA-R contributes approximately (R86,7bn) 29,9% to the total industries GVA (Current prices) in the province and 24,4% to national mining GDP.
- Mining contributes about 14.0% to North West formal employment (124 000 jobs) and 32,7% to national mining employment. (Source:IHS Markit; Regional eXplorer 2175 (2.6p);October 2021) and Statssa Q3 2021)
- Mining is a major contributor to foreign currency earnings in the country (38,7 % of total exports of South Africa in 2020). In the North West mining contributed 34,7% of all exports;
- The social multiplier of mining in South Africa is very high with a dependency ratio of 10:1 thus about 3.45 million people depend on 345 000jobs created in this sector in South Africa and 1.24 million people rely on the 124 000 jobs created by mining in the North West;

(Source: IHS Markit; Regional eXplorer 2175 (2.6p) October 2021 and Statssa Q3 2021)



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# Quick Facts on Mining in SA and NWP

	South Africa	North West
Direct contribution of mining to GVA-R Current Prices	R353,2 Billion 2020 R315,1 Billion 2019	R86,7 Billion 2020 R77,3 Billion 2019
Mining GVA-R growth rate 2019 /2020	12,1%	12,2%
Mining contribution as % of total GVA-R:	7,1% (2020) (2019: 6,3%)	29,9% (2020) (2019: 27,4%)
Jobs	345 000 (Jul-Sept 2021) (419 000 Jul-Sept 2020)	124 000 (Jul-Sept 2021) (140 000 Jul-Sept 2020)
Mineral export sales	R539,7 billion 2020	R3,5 billion 2020
Direct contribution of mining to fixed investment	R91,1 billion 2018 (2017: R77,1 billion)	R23,4 billion 2018
Royalties paid for 2020:	R11,8 billion 2020 (2019)(fiscal): R8,6 billion)	
Company taxes paid: 2020	R27,2 billion 2020 (2019: R24,2 billion)	
PAYE by mining personnel:2020	R26,2 billion (2019: R22,7 billion)	



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# Impact of Precious Metals Export on North West Trade



- There has been a significant reduction in the NW international trade figures when comparing the international trade statistics from 2019 and 2020.
- However, when drilling into the details it is clear that in 2019 the largest contributor to exports and trade in the North West was **precious metals** including PGMS
- In 2020 the national export figure for precious metals increased by 45% while in the North West province it decreased by nearly 100%.
- This resulted in the NW export % contribution to GDP decreasing from 34% in 2019 to 3,1% in 2020. (Source: IHS Markit; Regional eXplorer 2175 (2.6p); October 2021)
- The route cause can be attributed to the fact that the head office/s of the exporter are in other provinces and the North West figures are therefore drastically reduced as exports are reported as per the postal code of the exporter.



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# Impact of Precious Metals Export on North West Trade



	NORTH WEST	SOUTH AFRICA
<b>INTERNATIONAL TRADE 2020</b>		
Exports (R billion)	9,93	1 394
Imports (R billion)	5.760	1 109
Total Trade (R billion)	15	2 503
Trade Balance (R billion)	4,1	285
Exports as % of GDP (2019)	34,0%	25,7%
Exports as % of GDP (2020)	3,1%	25,3%
Total trade as % of GDP	4,9%	45,3%
Regional share - Exports	0,7%	100,0%
Regional share - Imports	0,5%	100,0%
Regional share - Total Trade	0,6%	100,0%
<b>Exports Harmonized System (HS) 2-digit (Rand)</b>		
71 Precious metals 2019 (R billion)	R 77,9	R 221,2
71 Precious metals 2020 (R billion)	R,017	R 324,1
Increase (Decrease) from Previous Year (R billion)	-R77	R 102,
	-100%	46,5%
<b>(Source: IHS Markit; Regional eXplorer 2175 (2.6p);October 2021)</b>		



# Mining Industry Transformation as at March 2019

(Source: Mining industry transformation progress report 2019)

- The Minerals Council South Africa commissioned a survey of industry transformation and community development performance amongst its members.
- The respondents represent 79.5% of the total industry, as measured by employee headcount, and 93% of the employee base of members of the Minerals Council.
- The objective of the survey is to understand progress in transformation when measured against Mining Charter 2010 on five key transformation elements (Ownership, Procurement, Employment Equity, Human Resource Development, and Mine Community Development).



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# Summary of Findings Across The Five Categories



Element	2010 Compliance Target	% Weighted Avg
<b>Ownership</b>	26% HDSA ownership	39,2
	26% Effective ownership/ meaningful economic participation	23,7
<b>Employment Equity</b>	40% of Top Management	58,2
	40% of Senior Management	52,8
	40% of Middle Management	61,4
	40% of Junior Management	70,5
	40% of Core & Critical Skills	78,8
<b>Procurement and Enterprise Development</b>	40% of Capital Goods	75.4
	70% of Services spend	75.1
	50% Consumable Goods	79.0
	0.5% of procurement value (capital goods) – from Multinational Suppliers	1,4
<b>Human Resources Development</b>	5% of annual payroll in skills development	4,8
<b>Mine Community Development</b>	100% Community consultation and collaboration	89,0
	1% of Nett Profit After Tax (NPAT)	2,7

# Mineral Beneficiation and the Bojanala SEZ

- The North West province is endowed with minerals, from Gold in the Klerksdorp area, Flourspar in Zeerust and large deposits of PGMs in the Rustenburg area;
- The province has aspiration to beneficiate its minerals, because an opportunity exist to earn more revenues from that effort,
- It is aligned to the national mineral beneficiation strategy as driven by Department of Mineral and Energy Resources;
- The province is implementing the Bojanala SEZ, which will seek to create a platform for mineral beneficiation and mining inputs supplier park.



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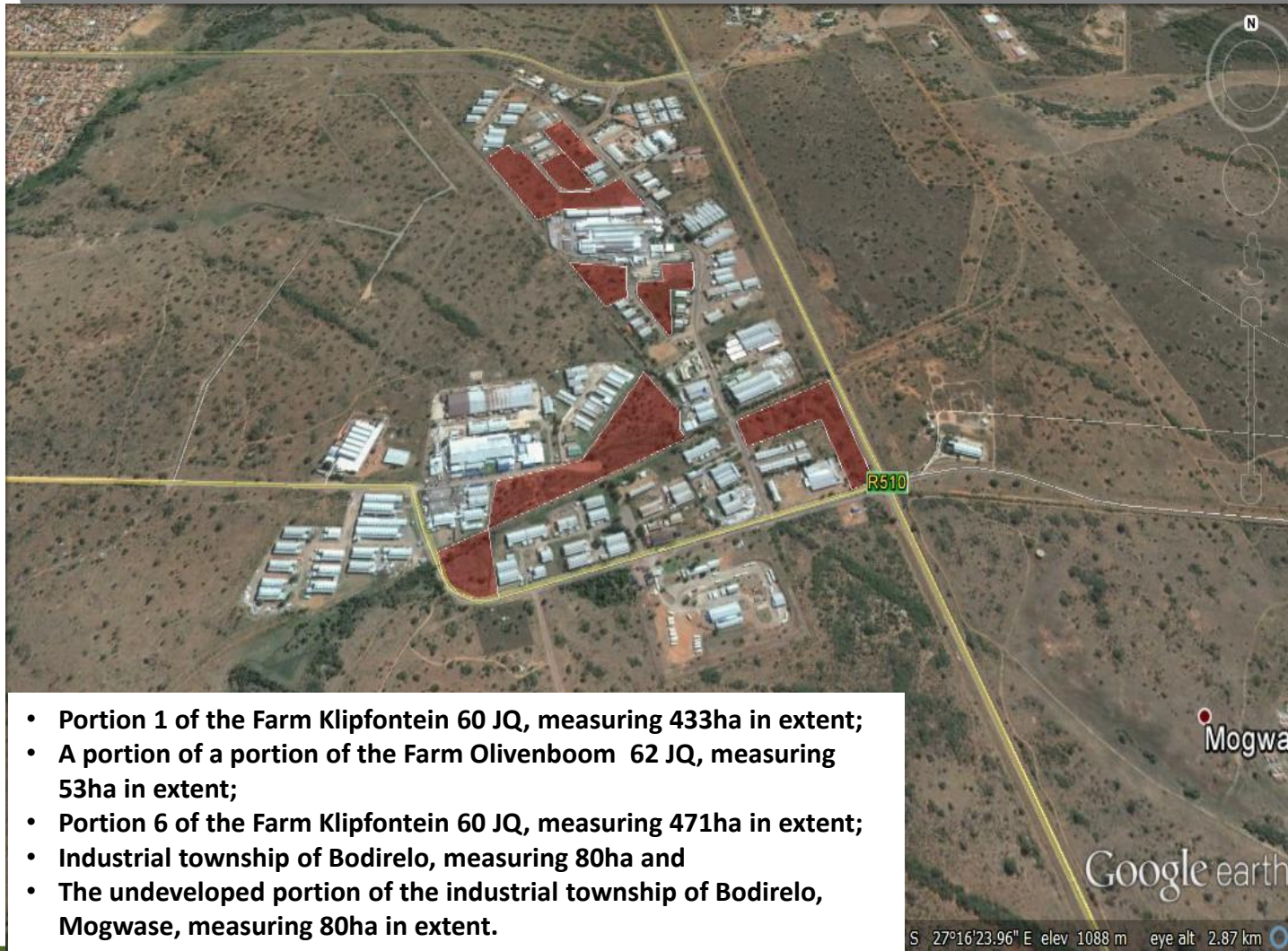
# Mineral Beneficiation and the Bojanala SEZ

- The Bojanala SEZ will serve as a key catalytic initiative to industrialize the region using mining and related opportunities as anchor projects;
- The SEZ will assist us in the area of: mineral beneficiation, investment attraction, new technology development and transfer, to address market inefficiency with regard to procurement and enterprise development; as well as job creation;
- The province has made good progress towards the designation of the Bojanala SEZ, a process led and coordinated by the dtic;



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# SEZ Geographic Location

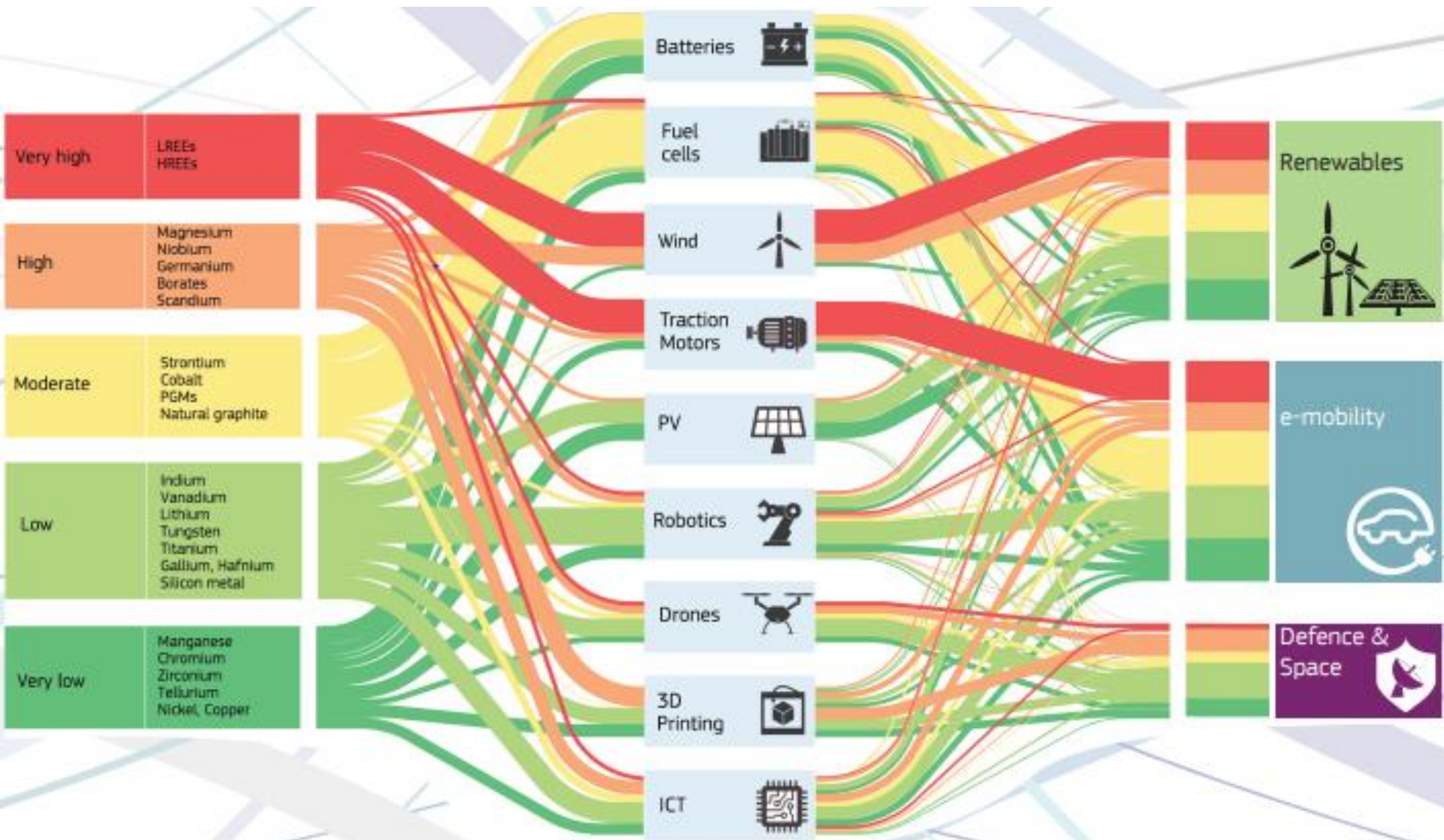


- Portion 1 of the Farm Klipfontein 60 JQ, measuring 433ha in extent;
- A portion of a portion of the Farm Olivenboom 62 JQ, measuring 53ha in extent;
- Portion 6 of the Farm Klipfontein 60 JQ, measuring 471ha in extent;
- Industrial township of Bodirelo, measuring 80ha and
- The undeveloped portion of the industrial township of Bodirelo, Mogwase, measuring 80ha in extent.

- *Brownfields dev- 80 ha of existing factories;*
- *Brownfields dev- 80 ha serviced industrial township;*
- *Greenfields: 957ha*
- *Total= 1117ha*



# Critical Raw Materials for Strategic Technologies and Sectors in the EU A Foresight Study (Follow PGM in the Yellow band)



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# Opportunities in the Mining Industry North West Province



North West Province, by far the largest platinum group metals (PGMs) producer, contributes 55% of National PGM output. Other opportunities in mining are:

- Smelting Services;
- Refining Services;
- Minerals Processing;
- Mining Equipment Manufacturing;
- Contract Mining Services;
- Geological services;
- Equipment supply; and
- Recover chemicals from waste products



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**Beneficiation = value add to achieve a more finished product.**

- PGM beneficiation also a major opportunity, to tap into raw PGMs, and not have raw minerals exported;
- Platinum and diamond jewellery;
- Medical instruments;
- Auto catalysts; and
- Diamond cutting.
- Catalytic convertors



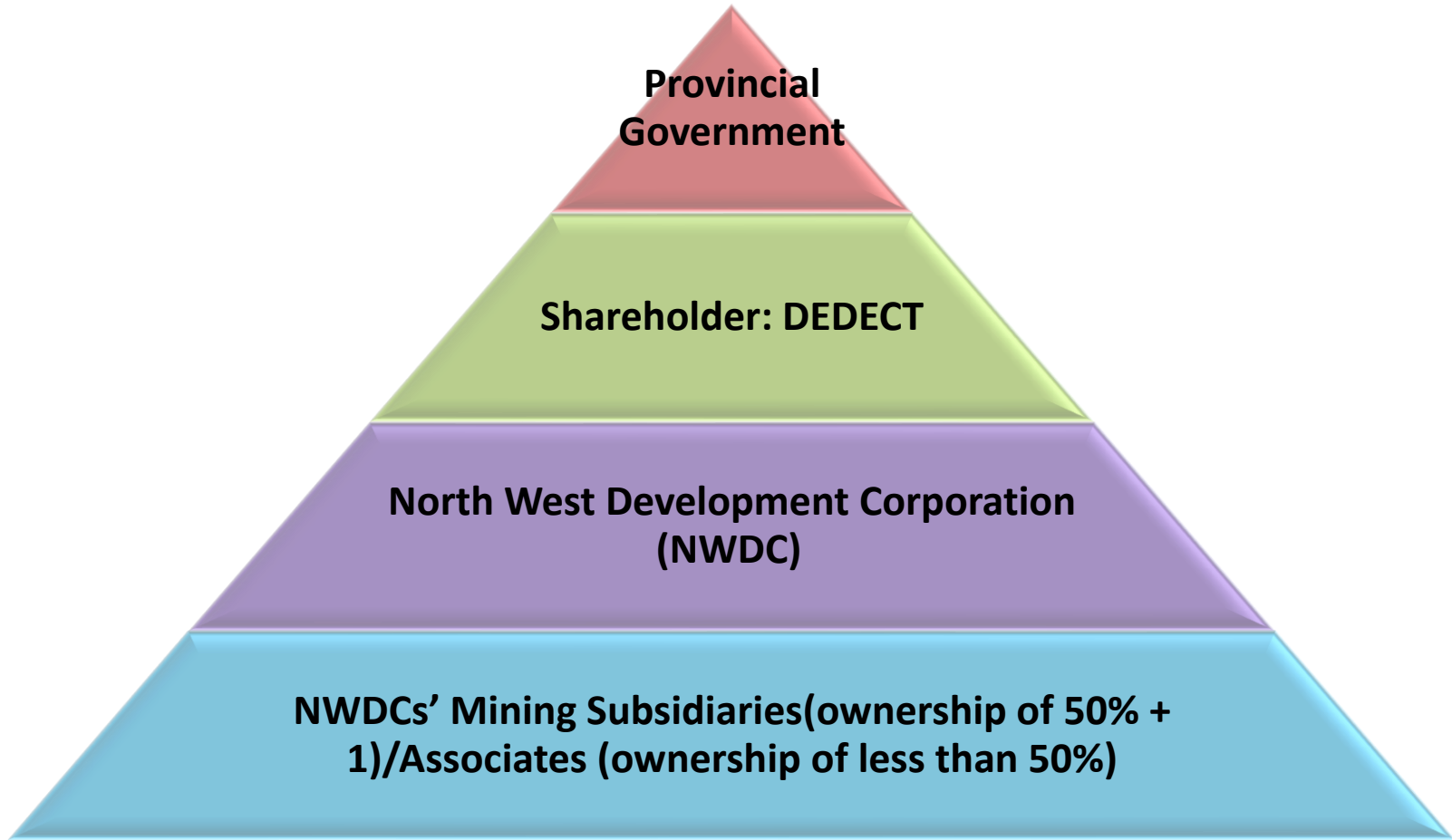
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# Transformation of the Mining industry in the NW :

## Proposed NWDC Mining Structure

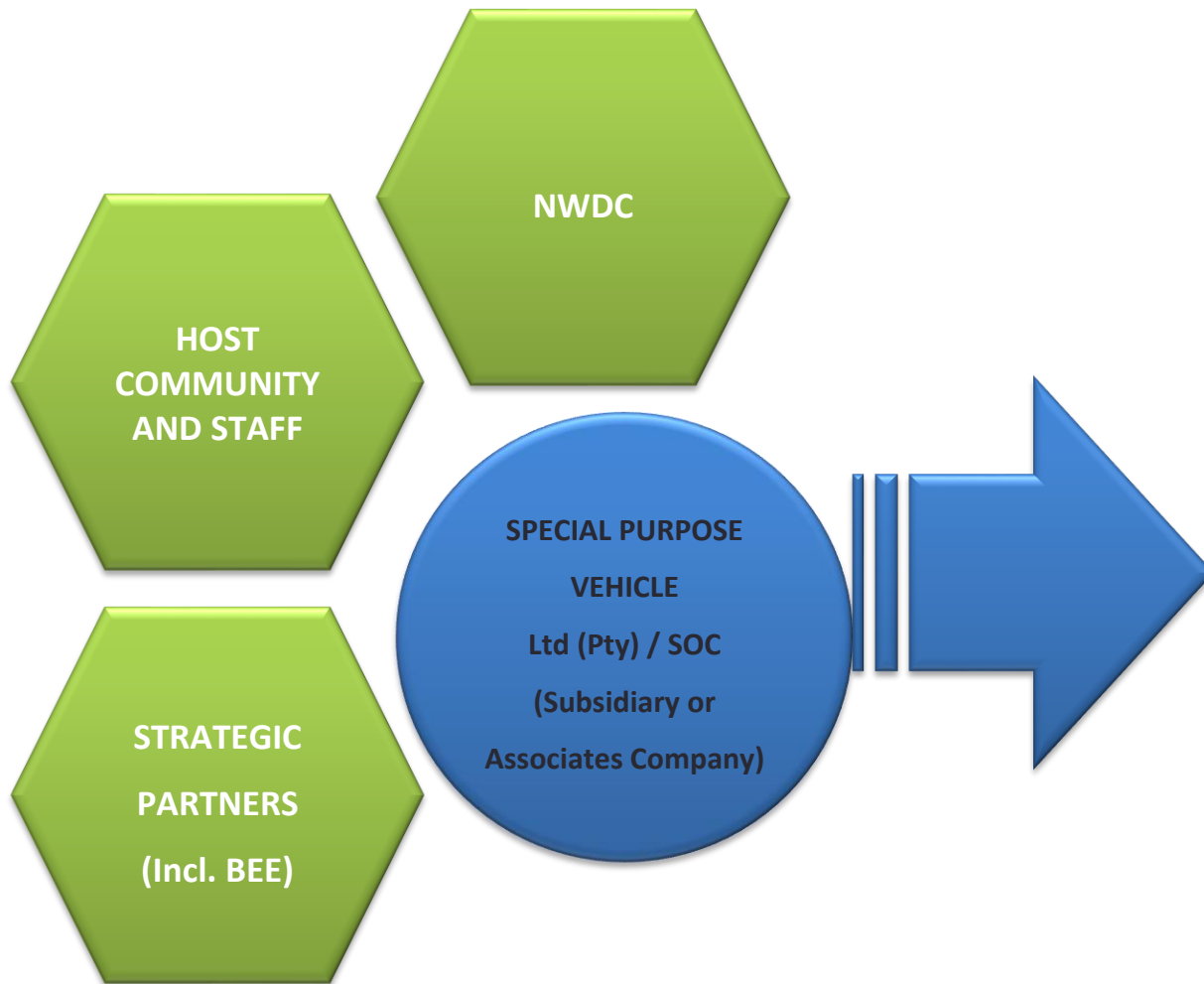


### ECONOMIC DEVELOPMENT GOVERNANCE STRUCTURE



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# Proposed Operating Model by NWDC



**BUSINESS OPPORTUNITY**

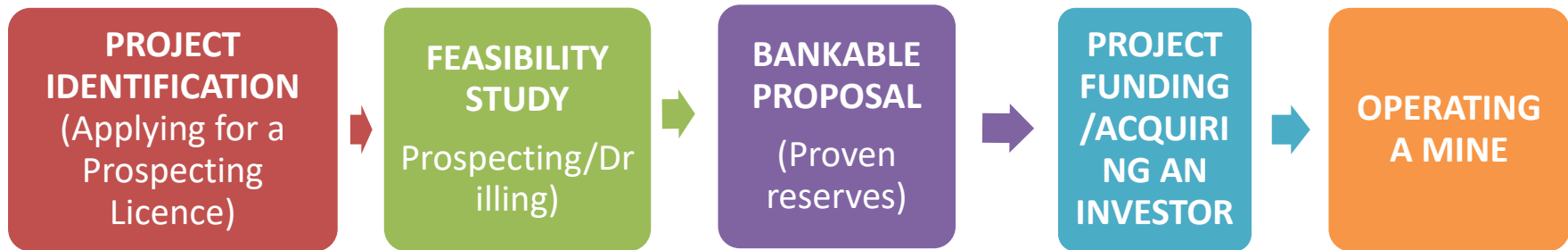


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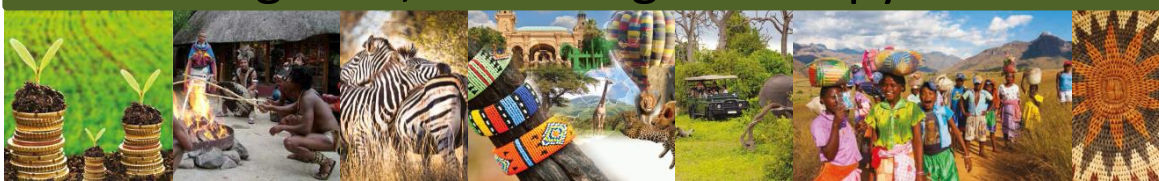


# Funding of Mining Opportunities

## FUNDING VALUE CHAIN



- It is for this reason that many investors are reluctant to get involved in the developmental stages of mining. Therefore, many previously disadvantaged project owners find it difficult to raise funding to develop their projects further.
- It is that space that the NWDC, based on its developmental mandate and in championing the radical economic transformation agenda, is seeking to occupy.



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# Additional Services NWDC Can Offer This Sector

## The North West Development Corporation also assist with the following:

- Facilitating joint venture and equity partnerships;
- Work with the mining sector on enterprise and supplier development
- Providing information on financing options and investment incentives;
- Providing advice on feasibility studies and business plans;
- Assisting investors to obtain work and business permits;
- Providing assistance in obtaining suitable factory space;
- Assisting existing firms to expand and re-invest;
- Assisting companies to find export markets for their products;
- Investment facilitation and promotion;
- Export market development and
- Facilitating internal market access to businesses in the province



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# Thank you!



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