

**MINERAL RESOURCES AND ENERGY  
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE HONOURABLE  
DEPUTY MINISTER OF MINERAL RESOURCES AND  
ENERGY**

**DR NOBUHLE NKABANE**

**ON THE OCCASION OF THE NORTHERN CAPE PROVINCIAL  
MINING INVESTMENT CONFERENCE**

**10<sup>TH</sup> MARCH 2022**

**KIMBERLEY**

Programme Director

Premier of the Northern Cape Province, Dr Zamani Saul

Deputy Minister of Mineral Resources and Energy, Dr Nobuhle Nkabane

Members of the Northern Cape Executive Council

Directors-General of the DMRE and the Office of the Premier,

Officials of various Departments

Captains of Industry

Investors and distinguished guests

Members of the media

It gives me great pleasure to be addressing you at the third leg of our provincial mining investment conferences. This follows two successful conferences we held in Limpopo, in September 2021, and most recently, in the North-West, in January 2022.

Our choice is informed by our firm belief that these provinces constitute new frontiers in South Africa's mining sector.

We undertake these initiatives to build a growing, globally competitive and transformed mining sector. Our provincial focus is deliberate, targeted, and seeks to highlight the rich mineral endowments these provinces have to offer, and their vast potential for growth.

Through these Conferences, we seek to achieve maximum economic benefit from the upstream, midstream, and downstream mining segments, and across and the full value chain of operations. We are focused on strengthening both production and sales, on a competitive and equal basis. Central to our efforts is the ongoing programme of transforming the mining industry for the benefit of all South Africans, in particular the previously disengaged South Africans. Our efforts must result in the creation of new black mining capitalists.

## **STATE OF MINING IN THE NORTHERN CAPE PROVINCE**

The Northern Cape is a commodity rich province with a wide variety of minerals, including, amongst others: diamonds, manganese ore, iron ore, lithium, rare earths, fluorspar, zinc, copper, lead, and molybdenum ore. The occurrence of minerals is widespread across this geographically vast area, and these mineral resources can help catapult the provincial economy into a major contributor to the national GDP.

The Namakwa District has Diamonds, Copper, Zinc, Cobalt and Granite, whilst the ZF Mgcawu District has an abundance of Salt, Aggregate, Clay and Rose Quartz.

The John Taole Gaetsewe District is endowed with Iron Ore, Manganese Ore and Diamonds are amongst the major commodities, with the Frances Baard district having sizeable diamond and stone aggregate deposits. Last, but not least, in the Pixley Ka Seme districts, we have copper, zinc, and diamonds.

Mining is growing at a steady rate. Between the 2011 and 2021, the Northern Cape office received more than 204 applications for mining rights, over 3 145 applications for prospecting rights and over 960 applications for mining permits. This is over 4 309 applications in just one decade. This is over and above 4 340 applications received during the National Mining Promotion System (NMPS) era. There is currently a total number of 175 mining rights issued.

The Department has granted more than 200 prospecting rights, clearly showing the potential the province has for future mine development and expansion.

One of the key issues that this Conference must deal with, is the number of non-operational mines existing in the province, for reasons that include a lack of investments, disputes among stakeholders, life of mine reached and mineral resources exhausted, as well as some cases of financial distress.

Some of the strategic interventions that the DMRE must commit to is, amongst others, to fast-track section 11 applications as well as to facilitate arbitration in disputes in

collaboration with other institutions. Fundamental to the DMRE efforts must be to engage with the sector more actively, especially the emerging and junior sectors beyond the areas of regulation and policy only. The Department must actively seek to facilitate, promote, and retain investments in the sector, in a deliberate and focussed manner.

## **TRANSFORMATION**

One of the objectives of the Mining Charter is to expand opportunities substantially and meaningfully for historically disadvantaged persons to enter the mining and minerals industry and to benefit from the exploitation of the nation's mineral resources.

Social and Labour Plans (SLP's) as stipulated both in the Minerals and Petroleum Resources Development Act and the Mining Charter continue to meaningfully contribute to social development. Amongst others, we have seen meaningful investments in community development infrastructure across the mining areas, including the building of school facilities, sporting facilities, health centres, community halls and roads. These are facilities that improve the livelihoods of local communities where these facilities are built. One such example is in the John Taolo Gaetsewe District Municipality where the South32 (Pty) Ltd recently completed the construction of the Rearata Primary School. Minister Mantashe will tomorrow officially handover the School to the Department of Basic Education and the Community.

We further understand that future projects include the upgrading of the Bothitong to Dithakong road project during 2022, as well as the construction of the Ditharapeng Bridge. These are just examples of many similar SLP Projects conducted by mining companies in the province. What is important is that the local communities must be central to these developments, and as interested and affected parties, must jointly identify the types of interventions to be undertaken. Furthermore, mines should collaborate more closely and co-invest in high impact and high value economic infrastructure development projects that contribute to further economic expansion in these areas.

## **MINING CONTRIBUTION TO THE GDP**

We are conscious of the fact that mining in the Northern Cape and South Africa operates within a global economic context that can either favor or impede its development targets. During the height of the COVID-19 pandemic, the mining sector continued to make meaningful contributions to the GDP. This was because of concerted efforts led by the DMRE, working in conjunction with the Minerals Council of South Africa and mining companies to minimize the impact of the pandemic both to individual workers and the mining operations as a whole. As a result, mining was the only sector that saw a marked increase and growth in contributions to the GDP.

It is important that we appreciate that we operate in a globalized economy, and our planning efforts should factor in these realities, including the effects of geopolitical turmoil on our own economy.

## **INVESTMENT IN EXPLORATION**

Continued and enhanced mining exploration should be the cornerstone to the future of the mining industry in South Africa. Exploration is the first point of any investment into mining as naturally we must first establish if we have any given mineral deposits, and crucially if mining those deposits in terms of quantity and quality would make economic sense.

Working with the industry, we have compiled an Exploration Strategy which amongst others aims to ensure that we attain at least 5% share of global exploration expenditure within the short to medium term. In the main, the strategy identifies barriers that inhibit exploration investment in South Africa that is commensurate with its geological endowments and proposes a coordinated approach amongst key stakeholders in resolving the existing challenges in the shortest possible time.

For instance, the strategy recognises lack of funding for junior exploration companies and proposes to establish an initial fund of R200 million, which would be funded in recognising the contribution of established mining companies as part of their enterprise development in line with their social license to operate requirements. Let me emphasise that no

company shall be forced to do that but, can do so optionally if it requires to exercise the incentive. The IDC will also contribute an amount and also administer the fund on our behalf.

There are numerous other interventions that are contemplated in the strategy. The journey to re-imagine and re-set our exploration landscape begins now. I therefore call upon all stakeholders to participate meaningfully in this regard.

## **ENERGY**

There is an umbilical cord between South Africa's coal mining and energy. Currently our reliance on coal as a primary source of energy is at 75%. We have committed to progressively contribute our fair share as part of our approved Nationally Determined Contributions, and we aim to reduce coal consumption in power generation sector to below 60% by the year 2030.

In the State of the Nation Address in February, President Cyril Ramaphosa has indicated that South Africa *“will continue to pursue an energy mix which includes renewables, battery and pump storage, gas as a transition enabler, nuclear at a pace our country can afford, as well as explore carbon capture and use technologies.”* This is what is essentially entailed in the Integrated Resource Plan 2019 and therefore we speak with one voice on this agreed long term government framework.

Together with the rest of the world, we continue to explore technologies that can mitigate against carbon emissions, amongst which is Carbon Capture Utilization and Storage or CCUS. However, we insist that our country deserves energy security as provided from a baseload perspective by the current coal power stations and the Koeberg Nuclear Energy plant. It is our considered view, as it is with all countries, that we cannot plunge ourselves into technology uncertainty and energy insecurity.

In 2021, we amended Schedule Two of the Electricity Regulation Act (ERA) to enable embedded energy generation up to 100 megawatts without the need for a license. As a intensive electricity use industry, the mining sector stands to benefit from own generation in terms of cost and the ability to secure own supply.

The largest new energy generation capacity to be developed between now and 2030 has been allocated to the Renewable Energy sector. The IRP 2019 allocates fourteen thousand four hundred megawatts (14 400MW) to Wind, six thousand megawatts (6 000MW) to Solar PV, two thousand and eighty-eight megawatts (2 088MW) to battery storage, and two thousand five hundred megawatts (2 500MW) to Hydro.

The Independent Power Producer Office continues to lead South Africa's procurement Programme and we are poised to gain six thousand eight hundred (6 800MW) of renewable energy in the short to medium term. Two thousand five hundred and eighty-three megawatts (2 583) have been procured through Bid Window 5 which is expected to reach financial close soon.

## **CHALLENGES**

As in any other province, challenges have been encountered in the Northern Cape with respect to mining. These include inadequate infrastructure such as rail, resulting in the transport of bulk minerals such as Manganese and Iron Ore degrading the road infrastructure.

There are also challenges with regards Communal Property Associations (CPA) such as disputes among CPA Executive Members and Claimants/ Communities. There is also the problem of Multiple Community Structures, and a continuing tension about who leads or should lead community efforts and engagement with the sector.

Illegal Mining is also a problem and areas affected by illegal mining in the province include Namaqualand, Buffelsbank and Kimberley. The Department is in the process of developing a legal framework for artisanal and small-scale miners, but illegal mining is a criminal matter that is to be addressed separately. Mining permits have been issued to the Artisanal Miners of Batho-Pele Mining Primary Co-operative Limited and Goedemoed Trading Co-operative Limited which must contribute to the redress of inequality in the mining sector.

Mining rights have also been issued to communities including the:

- 1) Wedberg Communal Property Association
- 2) Schmidtsdrift Communal Property Association
- 3) Sydney-On-Vaal Communal Property Association
- 4) Richtersveld Mining company (Pty) Ltd
- 5) Gong-Gong Communal Property Association
- 6) Groenwater Communal Property Association

Again, key to our discussions here today should be a collective pursuit to find solutions to these challenges, including other risk factors which include water use licence delays, protests, objections and appeals as well as access denial by land owners.

## **CONCLUSION**

Part of the provincial mining investment programme is to decisively address the socio-economic challenges of aged infrastructure, poverty, high unemployment, inequality, and illegal mining. These are realities the mining sector has to contend with and develop strategies to address the inequity within.

In the main this mining investment conference must give content on how we can scale up exploration as pivotal to our investment drive. There are already numerous mining companies across the country, but the drill and shovel will stop when the known mineral reserves get depleted. That is why we must look into ways of fast-tracking exploration in this investment conference. On our part we hope the Exploration Strategy will pave the way in this regard, and we will endeavor to ensure that relevant legislative instruments are in place to ease mining investment.

Importantly, this Conference must have clear outcomes and must have as its key deliverable an action plan that is realistic and measurable. Our collective efforts and dialogue must result in a re-invigorated engagement between the DMRE and the Provincial Government, as well as Social Partners, to jointly drive the growth and development of the sector.

We wish you well in your deliberations and look forward to receiving the outcomes of this Conference.

**I thank you.**