

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

**REMARKS BY THE HONOURABLE  
MINISTER OF MINERAL RESOURCES AND ENERGY  
MR GWEDE MANTASHE  
ON THE OCCASION OF THE NORTH WEST  
PROVINCIAL MINING AND ENERGY INVESTMENT  
CONFERENCE  
25 JANUARY 2022  
RUSTENBURG**

Programme Director,

Premier of the North West Province, Mr Kaobitsa Bushy Maape

Deputy Minister of Mineral Resources and Energy, Dr Nobuhle Nkabane

Members of the North West Executive Council

Director General of the DMRE and officials of various Departments

Captains of the Industry

Investors and distinguished guests

Members of the media

Fellow South Africans

## **INTRODUCTION**

Let me take this opportunity to express my profound gratitude to you all for making time to join us at this very important North West Provincial Mining and Energy Investment Conference.

This is the 2<sup>nd</sup> Investment Conference to be convened by the Department of Mineral Resources and Energy in collaboration with various Provinces, following the successful inaugural Conference convened in collaboration with the Limpopo Provincial Government in September 2021. The 3<sup>rd</sup> Investment Conference will soon be convened in collaboration with the Northern Cape Provincial Government.

We believe that these three Provinces – North West, Limpopo, and Northern Cape – can be developed into massive mining headquarters in the country. Hence, we took a deliberate decision to convene these Investment Conference in collaboration with these Provincial Governments.

Our decision takes nothing away from the significant role that can be played by Mpumalanga, Gauteng, and the Free State Province in South Africa’s mining and energy sectors.

We convene this Conference under the theme “Growing a globally competitive and transformed mineral and energy sector”. To achieve this, we all need to put shoulder to the wheel. We must engage on the diverse investment opportunities in these sectors.

## **STATE OF MINING IN THE NORTH WEST PROVINCE**

The North West Province is divided into four district municipalities: Bojanala, Dr Kenneth Kaunda, Ngaka Modire Molema, Dr Ruth Mompati.

Majority of mining activities in the North West are in the Bojanala District which falls within the Bushveld Complex that is rich in Mineral Resources, and the Minerals of the future. This igneous body hosts more than half of the World's Platinum Group Metals (PGMs). This includes ruthenium, rhodium, palladium, osmium, iridium, and platinum, in addition to gold and other associated minerals such as chromium, vanadium and base metals (copper, lead, tin, aluminum, nickel, and zinc) dimension stone. Of interest to the investment community is that most of these minerals will be in high demand as the World transitions from high to low carbon economy

The Dr Kenneth Kaunda District is mainly a gold-producing area in the Province. It lies on the Kaapvaal Craton which has one of the World's largest Gold deposits. Whilst most of the operations in this district have since reached the end of their life span, it is expected that the remaining operations can continue mining for a foreseeable future. The district is already faced with some challenges associated with mine closures such as increased rate of unemployment, increase in crime, and other social ills. We must put shoulder on wheel and ensure that we invest in alternative economies in the district to avoid the resurgence of ghost towns. Central to this is the reskilling of mineworkers to prepare for future jobs. These workers must be equipped with relevant skills that will be most needed for economic development through skills development initiatives that are aligned with economic planning.

The geology of Dr Ruth Segomotsi Mompati District Municipality belongs to the diamond triangle area, between Schweizer-Reneke, Christiana, Wolmaransstad and Bloemhof. The minerals of economic importance are gold, diamond, limestone, sand,

dimension stone and Mable. Majority of Operations in this region are mining alluvial Diamonds.

The Ngaka Modiri Molema is covered by recent sand deposits of the Kalahari Group. Some outcrops of sedimentary rocks of different Groups and Supergroups also occur. Dolomite could also occur underneath the Kalahari sands. On area such as Ditsobotla, the area is mainly dolomitic and the minerals that are exploited include shale, dolomite, limestone, felspar and diamond. Companies manufacturing cement are found mainly in Ditsobotla.

## **GLOBAL ECONOMIC OUTLOOK**

We take cognisance of the fact that mining takes place within a context of a dynamic global economy. The World Bank has revised its global economic outlook downward to 4.1% in 2022 and 3.2% in 2023. South Africa's GDP is expected to grow by 2.1% in 2022 and 1.5% in 2023.

As we meet here today, the World continues to confront and deal with major risks to the global economy mainly posed by the COVID-19 pandemic, the volatility of the energy transition and the stability of the major economies. These include inflationary risks, global high energy prices, rising high income inequality as well as macroeconomic imbalances as many economies have high debt to GDP due to high borrowing to address Covid-19 related spending.

South Africa is no exception to these challenges. Delegates at this conference must help us craft a trajectory through which to navigate these complex domestic and global challenges.

## **INVESTMENT IN EXPLORATION**

South Africa is endowed with vast mineral resources which we must continue to exploit to grow our economy. We continue to encourage increased exploration of these minerals as part of our economic and reconstruction plan. In this regard, government intends to publish for public comments the draft exploration strategy as soon as consultations with both government and industry stakeholders have been concluded.

The Strategy, which we crafted with our social partners, enjoins us to drive an exploration programme that will ensure that the country attracts at least 5% share of global exploration expenditure within the short to medium term.

Investing in mining and energy sector is a win-win solution for both investors and the country. Notwithstanding the Covid-19 induced challenges, the mining sector continued to help the country to collect massive revenues. This contribution came primarily from the minerals that are mined in this province. South Africa has the world's largest resources of Platinum Group Metals (PGMs) that are found in this province. Last year alone, the contribution of PGMs to production and sales were more than 50% most of the year. For instance, in April 2021, PGM production was 276.1% and sales increased by 465.9%.

In November 2021, PGMs were still among the positive contributors to the overall 5.2% increase in mining production and 22.2% increase in sales. During 2019, mineral resource exports accounted for 39% of the GDP while imports accounted for 15%.

The future of PGMs is positive due to the demand from the auto catalyst industry and the growing green economy. It is prudent that we deliberately intensify our resolve to establish the Mogwase SEZ and build beneficiation plants that will be future markets of these abundant resources.

## **SOCIAL AND LABOUR PLANS**

As part of their social license, mining companies are expected to contribute towards the socio-economic development of the areas they operate in and their labor sending areas. We must continue to emphasize the need for Social Labour Plans (SLP) to be aligned to municipal Integrated Development Plans (IDP). Meaningful consultations with communities in the development of these plans are imperative.

Let me take this opportunity to congratulate the mining companies operating in this province for the progress made in the implementation of their social license. We continue to urge mining companies to consider ways in which they can assist in finding a lasting solution to the water challenges in the Madibeng and Kgetlengrivier Local Municipalities.

## **ENERGY**

As we continue to mobilize investments in our economy in line with the economic reconstruction and recovery plan, we are mindful of the risks associated with energy poverty and climate change realities.

In the words of President Cyril Ramaphosa, when closing the governing party's Lekgotla on Sunday, 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”.

Our blueprint on electricity infrastructure-build towards 2030, the Integrated Resource Plan (IRP) 2019, enjoins us to procure one thousand five hundred megawatts (1 500 MW) of coal as part of the country's energy mix. This is in line with the call for the country to explore carbon capture and use technologies (CCUS). We must refuse to be encircled into abruptly shutting down coal fired generation. This is another mineral that the country has in abundance that we must continue to exploit, hence investing in CCUS will be beneficial to the country.

In line with our commitment to the just energy transition from high to low carbon emissions, the IRP 2019 targets reduction of this reliance on coal fired electricity from 75% to below 60% in 2030. We will achieve this by decommissioning coal-fired power stations that have reached their end of lifespan.

In 2021, we amended Schedule Two of the Electricity Regulation Act (ERA) to enable embedded energy generation up to 100 megawatts without a need for a license. We believe that the mining sector will largely benefit from this policy shift and government stands ready to assist the mining industry with registrations in this regard.

The largest new energy generation capacity to be developed between now and 2030 has been allocated to the renewable energy. IRP 2019 allocated fourteen thousand four hundred

megawatts (14 400MW) to Wind, six thousand megawatts (6 000MW) to PV, two thousand and eighty-eight megawatts (2 088MW) to battery storage, and two thousand five hundred megawatts (2 500MW) to Hydro.

Government has begun to implement this through the Independent Power Producers Office. We have determined to procure at least six thousand eight hundred megawatts (6 800MW) of renewable energy in the short to medium term. Of these power, 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. 25 preferred bidders for this energy were announced in October 2021.

We remain committed to achieving the IRP 2019 targets.

## **CONCLUSION**

Allow me to urge delegates at this conference to help us craft ways in which we can decisively address the challenges of aged infrastructure, poverty, high unemployment, inequality, and illegal mining. These challenges must be resolved so as not to impede our investment drive and to enable vibrant economic activities in the province.

I am confident that through your robust participation, we will have a clearer path of what needs to be done from the point of all stakeholders to spearhead the development of this province.

Let me conclude by reminding you that Covid-19 is real. Let us adhere health protocols that have been put in place. Keep your

masks on all the time, ensure a safe physical distance between delegates at the Conference, and sanitize our hands.

I thank you.