



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

**WELCOME ADDRESS BY THE HONOURABLE
MINISTER OF MINERAL RESOURCES AND ENERGY
MR GWEDE MANTASHE
ON THE OCCASION OF THE AFRICA MINING INDABA
CTICC, 09 MAY 2022**

Programme Director,

Organisers of the 2022 Mining Indaba

Ministers present here today

Deputy Minister of Mineral Resources and Energy, Dr Nobuhle Nkabane and other Deputy Ministers present here today

The leadership of organised labour

Captains of industry, and members of the investment community

Representatives of civil society and communities

Members of the diplomatic corps

Distinguished guests

It is an honour and privilege to participate in this year's Investing in African Mining Indaba. This event has continued to grow in stature and numbers over the years. This is testament that Africa remains a key destination for mining investment.

We are pleased to host you in a physical format after a period of virtual conferencing due to the outbreak of the Covid-19 global pandemic that disrupted the global economy and changed the ways of doing business.

As a result of the effects of the Covid-19 induced economic shocks, the current global economic environment remains uncertain. We must build on the experiences learned from the pandemic to reimagine our economic growth path and protect our economies from future shocks.

This year's mining indaba happens with the backdrop of high energy prices, which pose a significant inflationary risk to the poor and emerging markets. Without any doubt, increased energy prices continue to be of great concern for our governments and investors alike. The African continent needs to build resilience against energy supply shocks through the exploration and development of our indigenous energy sources.

It is, therefore, not surprising that we convene this Indaba under the theme: **“Evolution of African Mining: Investing in the Energy Transition, ESG, and the Economies.”**

The history of mining in Africa is rooted in the colonial and neo-colonial exploitation of the African continent. The impact of colonialism on mining was such that infrastructure was established to reflect the colonial mining and repatriation of mineral resources to develop the economies of the colonial powers. Roads and railways were built from the mines to the ports, with little to no consideration of Africa's social and economic development.

Today, millions of Africans have no access to energy. This represents an electricity access rate for Sub-Saharan Africa of just over 48 percent, the lowest in the world.

Our considered view is that our focus should not only be on investing in the energy transition but equally on investing in universal access to energy.

Universal access to energy and the Just Energy Transition will not only enable the improvement of lives and livelihoods of African people, but it will also boost economic activity and, by extension, mining activity.

Widespread energy access on the African continent is an imperative of our time and requires our immediate and concerted effort.

Historically, investment decisions were based on whether there would be sound financial returns within a reasonable timeframe, with little or no regard to the impacts or potential impacts flowing from the investment decision, including on the environment, social impact on communities and the impact on governance structures, such as local and traditional leaders. This investment landscape is now rapidly changing.

Aggressive net-zero targets and a renewed focus on sustainability by the investment community and the developed world are driving the development of ESG (Environmental,

Social, and Governance) assets which are estimated to exceed \$50 trillion by 2025, representing more than a third of the projected \$140.5 trillion in total global assets under management.

This wave of capital provides several opportunities for Africa. However, it is important to balance long-term sustainability objectives with the short to medium-term needs for access to energy, job creation, poverty alleviation and eradication, economic growth, and development. This is all achievable through a holistic approach to the ESG framework.

INVESTMENT ATTRACTIVENESS

Africa has a role to play. As a continent, we continue to perform poorly when compared to other mining jurisdictions; the Fraser Institute's Annual Survey of Mining Companies again highlighted this for the year 2021.

We have noted concerns raised by miners in the surveys and we need to work hard to improve internal factors and influence external factors that contribute to these concerning results. We intend to use this platform to encourage open and honest dialogue that will help position Africa as an attractive Mining and Energy investment destination.

One of the most promising developments on the continent is the African Continental Free Trade Area (AfCFTA) which has the

potential to create the biggest free trade area in the world, cutting red tape and boosting trade throughout the continent. This will significantly improve mining supply chains and reduce input costs.

OPPORTUNITIES IN AFRICA

The Just Transition to a low-carbon future will require “green metals” to which Africa has in abundance of untapped resources such as lithium, copper, cobalt, nickel, and zinc. There is no doubt that the transition will drive demand for these minerals.

The Democratic Republic of Congo (DRC) demonstrates this and together with Zambia are among the largest producers of copper and cobalt in the world. The DRC, for example, accounts for about 70% of global cobalt output and half of the world reserves.

In addition, global targets to reduce greenhouse gas emissions entail transitioning away from pollution-emitting combustion engines to greener alternatives that utilise electric or hydrogen fuel cell technologies. The catalytic convertors that vehicle manufacturers use to reduce or neutralise harmful pollutants from exhaust emissions require PGM metals.

South Africa accounts for the largest percentage of the world’s Platinum Group Metals reserves with Zimbabwe ranked third.

This will ensure that both countries play a crucial role in the world's emerging energy transition.

Minerals of the future that Africa has in abundance hold great potential for the continent. These minerals can be used in the development of the hydrogen economy. An exciting and significant story for our future to tell at this Indaba is that, on Friday, 06 May 2022, we unveiled a prototype of the largest world's hydrogen-powered mine haul truck – nuGen – at the Anglo American Mogalakwena PGMs mine in Limpopo.

This is one of the first projects of South Africa's Hydrogen Valley – an industrial cluster that brings various hydrogen applications to form an integrated hydrogen ecosystem. The launch of hydrogen-powered mine haul truck is indeed a source of pride for the mining industry in the African continent.

Our resource endowment as a country and a continent must be translated into a competitive advantage for value-added manufacturing that can contribute to job creation, investment, and export growth.

MINERAL BENEFICIATION

Delegates at this Indaba must discuss how the continent can benefit its natural resources for the benefit of the current and future generations. Beneficiation will mean we are fully taking ownership of the value chain of our minerals across the spheres

of upstream, midstream, and downstream mining economic activities instead of exporting these to other countries. It is therefore critical that we address the issue of electricity pricing. We must ensure that Electricity is affordable to the end user for beneficiation to happen in our continent.

CONCLUSION

His Excellency, President Cyril Ramaphosa will tomorrow deliver a Presidential address in which he will elaborate further on our work to ensure that mining remains a sunrise industry.

Team South Africa will be hosting several events over the next few days, to which we would like to extend an invitation to you to come and engage with us further. Our Council of Geoscience (CGS) will today launch its Data Management Portal hosted at the SA Pavilion. The portal makes quality geoscience data and information accessible and available to all stakeholders.

Allow me to further emphasise that we are open for business and stand ready to work with the investment community.

Let me conclude by wishing you all a successful week. I look forward to the outcomes of your deliberations, as we together move the mining industry forward.

I thank you.