



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

**OPENING REMARKS BY THE HONOURABLE
MINISTER OF MINERAL RESOURCES AND ENERGY
MR GWEDE MANTASHE (MP)**

**INVESTING IN AFRICAN MINING INDABA
CAPE TOWN ICC, 05 FEBRUARY 2024**

Programme Director,

Your Excellencies,

President of the Republic of South Africa, H.E Cyril Ramaphosa

President of the Republic of Zambia, H.E Hakainde Hichilema

Prime Minister of the Democratic Republic of Congo, H.E Jean-Michel Sama Lukonde

Organisers of the 2024 Investing in Africa Mining Indaba

Ministers present here today

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

Captains of industry, and members of the investment community

Leadership of organised labour, civil society, and communities

Members of the diplomatic corps

Distinguished guests

Members of the media

Let me extend a warm welcome to you to South Africa on the occasion of the **30th Mining Indaba** convened under the theme: ***"Embracing the power of positive disruption: A bold new future for African mining"***.

The **year 2023** proved to be a **tough year for Africa's mining industry** due to a myriad of **international and domestic** factors.

We have decided to give investors a balance sheet of South Africa's mining industry and point to investors opportunities in the South African mining industry.

High energy prices, high inflation, lower commodity prices, coupled with loadshedding and logistical bottlenecks continued to put pressure on operational costs and thus constrained to bare minimum the mining industry's contribution to our economies. Government is investing efforts and resources to resolve these bottlenecks through the National Energy and Logistics Crisis Committees comprised of private and the public sector.

Despite these headwinds, the **South African mining industry has proved its resilience** through its marginal but significant contribution to the country's **Gross Domestic Product (GDP)** in 2023 as evidenced in the 1st and 2nd quarter statistics.

Over the past five years, the sector saw some tail winds with **sizeable investments in new mining and extensions of existing mining operations**. A significant number of the new mining operations are concentrated on industrial mineral mines, diamond mines (alluvial), coal, manganese, iron, gold, platinum group metals, chrome, copper, lithium, and other precious metals.

The DMRE is closely monitoring the **implementation of R400 billion mining projects** committed at various investment conferences between 2018 and 2023. These projects cut across the mining value chain and are diversified in terms of geographical location and commodity.

For instance:

- **Nkwe Platinum** which committed R13 billion in 2021 for a new Platinum Mine has to date invested approximately R640 million towards the construction of the mine,
- The **Mokala Manganese Mine** located in the town of Hotazel in the Northern Cape which began construction in 2019 with an investment of R1 billion, started producing in 2021 and to date 2.3 million tons of manganese have been produced and exported.
- **Menar**, through its subsidiaries, committed to invest about R7 billion in coal and anthracite projects in Gauteng, Mpumalanga, and KwaZulu-Natal. Just over a week ago, the company broke ground and produced first coal at its new Gugulethu Mine

In order to ensure regulatory certainty in the South African mining Industry, the DMRE has procured a service provider for the design, implementation, and maintenance of a **mining licensing system** to enhance efficiency and transparency in the

application, granting, and management of prospecting, and mining rights permits. We are optimistic that the **PMG Consortium** will deliver the required system that will assist in the operation of a modern and effective mining rights administration system.

As per normal enterprise solutions, the implementation of the new licensing system will take place over a period of time, as it requires **migration of existing data** from the old to the new system. To ensure that there is no disruption to operations, the migration will be done systemically focusing on one province at a time. I have directed the Department to ensure that the **migration to the new system is completed within 12 months** to guarantee regulatory certainty.

In dealing with the licensing backlog, significant progress has been made since we last met here. Of the 2000 applications received since the beginning of the Financial year, the DMRE has granted:

- 268 prospecting rights,
- 32 mining rights,
- 85 renewals,
- 184 amendments,
- and 190 permits.

I have directed the Department to work with the necessary speed to **wipe out the licensing backlog** within this calendar year. It

would be remiss of us not to acknowledge the challenges confronted by the industry as a result of these historical backlogs. We are, however, buoyed by the unwavering support and patience from the mining industry. Let me take this opportunity to assure you that we will get our business back in order and we will see an end to the backlog.

It is a known fact that ***new mines are born out of exploration***. At the previous mining indaba, we shared with you our partnership with the Industrial Development Corporation (IDC) to ***establish the country's exploration fund***. I am happy to announce that we have passed all the regulatory hurdles and approvals for the establishment of the fund which paved the way for us to ***officially launch the fund*** tomorrow, 06 February 2024.

The establishment of this fund will catalyse some of the discoveries we have made, such as the ***discovery of rare earth bearing minerals***, such as lithium, coltan, and phosphate ***in a rock formation known as pegmatine*** in the Northern Cape, Kwa-Zulu Natal, Mpumalanga, and Limpopo. These discoveries have brought to the fore the urgency and need for South Africa to finalise and put in place its own critical minerals strategy which we intend to launch this year. To-date, only developed countries have a strategy and definition of critical minerals. We are determined to have an African Critical Minerals Strategy.

Cognisant of the energy intensive nature of the mining industry and the pursuant electricity supply constraints, we continue to implement interventions to resolve these constraints and support the mining industry. These include the gains we have made since the **removal of the licensing threshold for embedded generation**. To this end, the National Energy Regulator of South Africa (NERSA) has **registered 1 312 generation facilities** with a combined **capacity of 6 387 MW**, 32% of which supplies the mining load. We are encouraged by the quantifiable results of this intervention where mining companies such **Gold Fields, Seriti, and Exxaro**, have taken advantage of these reforms to power their mining operations.

Following the promulgation of the 2019 iteration of the **Integrated Resource Plan (IRP)**, we have **procured 6 094 MW** of new generation capacity. Of these, **1 234 MW** are under construction, and **150 MW** are connected to the grid and supply the required electricity.

On the basis of this edition of the IRP 2019, NERSA's concurrence to the ministerial determination for the procurement of **2 500 MW of nuclear capacity**, and the subsequent gazetting of this determination, the procurement process of this capacity will begin in earnest.

In addition, we have released requests for proposals for the procurement of:

- **5000 MW** of renewable energy under Bid Window 7 of the REIPPPP,
- **2000 MW** of Gas-to-Power under Bid Window 1 of GIPPPP,
- and **615 MW** under Bid Window 2 of the BESIPPPP.

We remain resolute about resolving the energy constraints and reducing unserved energy in totality to support the economy and the mining industry in particular. To this end, we have reviewed the 2019 IRP and gazetted the updated version for public comments. In order to allow maximum participation in this process, we have decided to **extend the public comments period by a month** from 23 February to 23 March 2024.

With that said, we hope that we will emerge from this year's Mining Indaba with renewed vigour and commitment to invest in the **African new mining order** that is geared towards making the **African mining industry a significant global competitor**.

Let us continue working together to build an **African mining industry** that prioritises the **health and safety of its workers**, an industry that promotes **beneficiation at source or locally**, and an industry that promotes **industrialisation and support our just energy transition from high to low carbon emissions**.

Let us work together to build the **Africa We Want** that is **free of poverty, unemployment, and inequality** consistent with the **Africa 2063 objectives**.

I thank you.