



**Address by the Minister of Mineral Resources and Energy**

**Honourable Mr Samson Gwede Mantashe (MP)**

**at the 4<sup>th</sup> edition of the annual**

**PGMs Industry Day**

**Wednesday, 24 March 2021**

Programme Director, Mr Bernard Swanepoel

Captains of the PGM industry

Investors

Members of the media

Ladies and gentlemen

South Africa marks one (1) year since the nationwide lockdown was introduced to save lives and protect livelihoods. We equipped ourselves with the necessary knowledge, prepared for the unknown and weighed our options on how to deal with the possible consequences of the Coronavirus on our health system and economy.

We have witnessed heroes and heroines in the form of healthcare workers, law enforcement officers and essential workers stepping up and being at the forefront of fight against Covid-19. The pandemic has reminded us as a nation that we are stronger together and we can do more.

As directed by President Cyril Ramaphosa in his 2021 State of the Nation Address, we must all work together to defeat the virus, accelerate the recovery of our economy, implement economic reforms to create sustainable jobs and drive inclusive growth.

I appreciate your invitation for me to participate in this session where we collectively assess the huge potential role of the Platinum Group Metals (PGMs) in bettering the lives of our people. I look forward to engagements that should ultimately ensure the sustainability of this industry and contribute to economic growth and employment.

There was a decline in the total annual production in PGMs in the year 2020. The decline reflected in sales, low price and demand, and a drop in exports. On the other hand, there was an increase in revenue. This brought in much needed contribution to the country's difficult fiscus.

The total annual PGMs production for 2020 declined by 15.5 percent to 226.5 tons (t), as compared to 2019, which recorded 268.1 tons. In 2020 the Platinum market recorded a deficit of 932 kilo ounces (koz,) the largest yearly deficit on record albeit below the 1 202 kilo ounces deficit forecast in November 2020.

Constrained demand for South African refined mine supply over the past decade has averaged 4.2 mega ounces (Moz), the same level forecasted for 2021. This relatively unchanged production level was accompanied by weak prices and declining margins.

With regards to sales mass, the PGMs sector recorded a decline of 20.6 percent to 192 tons compared to the 242.6 tons recorded in 2019. The annual local sales remained almost flat, declining by 3.0 percent to 15.1 tons in 2020 as compared to 15.6 tons in 2019. Annual export sales also declined by 21.8 percent to 177.5 tons in 2020 as compared to 227 tons in 2019.

On the positive side, 2020 was a good year in terms of revenue. The annual revenue for 2020 increased by 40 percent, raking in a total of R190.4 billion. Export sales revenue contributed R173.3 billion in 2020 representing a 39.1 percent increase from the R124.6 billion recorded in 2019. Of the total revenue, local sales revenue contributed R17.1 billion, while export sales revenue contributed R173.3 billion representing a 39.1 percent increase.

We welcome the sale of over 2 000 coins featuring an elephant, attracting investor attention mainly from the United States and Asia since their minting in March 2020. We look forward to the additional coins showing the rest of the Big Five animals to be minted at six-month intervals.

South Africa plays an important role in the 'Hydrogen Economy' as we aim to ensure clean and reliable alternative energy sources. Hydrogen energy is being considered as one of the most plausible choices for alternative energy and as an energy-carrier, due to the abundance of elemental hydrogen on the planet. In this regard, South Africa has established a research, development, and innovation strategy on hydrogen, known as "Hydrogen South Africa" (or HySA.) The strategy aims to stimulate and guide innovation along the value chain of hydrogen and fuel cell technologies. This will ultimately position South Africa to derive local benefits from supplying high value-added products, such as PGM catalysts and catalytic devices, to the growing international fuel cells and hydrogen markets. These local benefits include the creation of wealth and new industries, as well as jobs and the development of appropriate skills and human resource capital.

The South African government is strongly committed to the HySA strategy's ultimate goal to eventually supply 25 percent of global platinum group metal-based catalyst

demand for the hydrogen and fuel cell industry based on local technologies. In this respect, Mintek's fuel cell catalysts and membranes are currently being commercialized with the aim of supplying the global market.

In addition to catalysts, HySA research work also includes infrastructure and systems development. We appreciate the work of the various partners who are working towards ensuring that we develop hydrogen fuel cell and lithium battery storage technologies.

Hydrogen fuel cells have already been successfully deployed to provide electricity in schools and to field hospitals. We now look forward to manufacturing and commercialization as this will shine the light to the possibility of a new, renewable source of energy while also establishing new uses and markets for the platinum group metals.

Work has begun to form an integrated hydrogen ecosystem known as the 'Platinum Valley.' This initiative will identify concrete project opportunities to kick-start hydrogen cell manufacturing in promising hubs. We are positive that this will create an opportunity to build a local skills base and lead the country into a new era of energy generation and demand for the platinum group metals.

We continue to work with all stakeholders to promote investment through a conducive policy and regulatory framework. This includes efforts to reduce current timeframes for mining, prospecting, water and environmental licenses. Our goal is to increase the country's share of the global exploration expenditure to at least 3% within the next five years. We welcome and appreciate the cooperation and work done by all stakeholders in the development of a new competitive exploration strategy. This strategy will be the country's exploration blueprint to attract investment and drive a growth in the contribution of mining to GDP. This will be done by identifying barriers that inhibit exploration in South Africa and recommend a set of appropriate interventions to achieve a respectable minimum share of exploration budget from the total global expenditure.

We believe that we are on the right track with reassurance from the sector in the form of investments realized - particularly from the PGM industry. We welcome, amongst others, the R6.8 billion expansion announcements by Sibanye-Stillwater into their K4 PGM mine and the Impala Platinum investment of R5.7 billion into the expansion of Two Rivers mine in Limpopo.

Let us continue working together, let us engage to find solutions where there are challenges. Responsible and sustainable mining is everyone's responsibility, and we owe this commitment to our generation and those to come after us.

I look forward to more engagements such as these, both virtually and physically in line with the new ways of working that promote efficiency and are time saving. I believe that collectively we can promote and drive the demand for PGMs, create jobs and grow the economy.

I thank you.