

**Opening remarks by Mineral Resources and Energy Director General,  
Advocate Thabo Mokoena, at the 22<sup>nd</sup> Annual African Mining Breakfast & 19th  
Investing in African Mining Seminar, PDAC**

**9 March 2021**

Programme Director

Members of the diplomatic Corps

Esteemed members of our panel

Captains of industry

CEOs from various government entities

Representatives of the industry

Ladies and gentlemen

Good Day

I would like to first appreciate this opportunity I have been given to address this auspicious virtual gathering where we engage on mining in South Africa.

Mining continues to be the bedrock of our economy and remains a catalyst for sustainable socio-economic development and growth. The sector has proven to still be resilient by contributing to the GDP more than 288% in the third quarter of 2020 which was 11.8% point in real GDP contribution, making it the third strongest contributor in the quarter under review.

This contribution is despite global and local challenges that were experienced as a result of, amongst others, the Covid-19 pandemic and the rating agency downgrades. In response to challenges we face as a country; government developed through consultation with social partners the Economic Recovery and Reconstruction Plan and we are currently in an implementation phase. The plan outlines various interventions government is undertaking to unlock the country's productivity potential for improved competitiveness and sustainable economic growth. As a country, we join the global

community in implementing measures to protect lives and livelihoods, at the same time, explore solutions to stimulate economic recovery and growth.

### **IRP based Energy interventions**

One of the key interventions identified in the Economic Recovery and Reconstruction Plan is the need for security of energy supply. Reliable, clean and affordable energy is crucial as we strive to ensure the recovery of South Africa's economy by reducing electricity costs and minimising disruptions to production in order for the economy to create jobs and better the livelihoods of our people. We are optimistic about the work we have done in implementing the Integrated Resource Plan, commonly referred to as the IRP 2019, to close the current electricity supply and demand deficit. In line with the IRP 2019, to date the Department is procuring a total additional electricity capacity 13 813 megawatts from a mix of energy sources.

Within the short term the department has championed key interventions to close the electricity deficit, and these include:

- ensuring speedy implementation of renewable energy projects under bid window 4, of which over a 1000 MW has already come online.
- the procurement of 2000 megawatts (MW) of power under the Risk Mitigation Independent Power Producer Programme, of which preferred bidders will be announced before the end of March 2021.
- procurement of additional power in line with the IRP 2019 of which request for proposal for 2600 MW of renewable energy (bid window 5) will be issued to the market during March 2021. This will be followed by additional bid windows between August 2021 and March 2022 from renewable energy, storage, gas and coal.

As indicated by the Minister of Mineral Resources and Energy, the honourable Mr Gwede Mantashe, in an earlier session during this conference, we continue to work with all stakeholders to refine regulations and frameworks in order to ensure the ease of doing business, that is why we have made firm commitment in implementing key priorities which will have a positive effect on our investment attractiveness. We have in this regard, amongst others, clarified the regime applicable to municipalities in the

creation of new generation capacity as well as fast-tracking the registration and licensing of generation for own use applications. Work is underway to achieve operational and financial stability at Eskom by amongst others, separating and unbundling the entity in line with the roadmap to ensure that South Africa responds to global and local energy challenges and opportunities.

### **Exploration regulatory framework**

We are also strengthening our regulatory framework to create an enabling environment for responsible exploration and development of the upstream petroleum industry. We are of the view that the exploration and development of the upstream petroleum sector is a potential game changer for South Africa to - amongst others - enhance investment, grow the country's economy, create employment and promote the country as a preferred investment destination. Consultations on the Upstream Petroleum Resources Development Bill have been resuscitated as these were foiled by lockdown restrictions to ensure speedy finalisation of the Bill. Finalisation of the will unlock our country's untapped potential in the upstream oil and gas reserves.

To promote diversification of the economy, the sustainability, expansion, and competitiveness of the mining sector, we are seriously committed to renew investment in exploration, which is the lifeblood of mining. Together with the Council for Geoscience, we are finalising the drafting of an Exploration Strategy to improve the quality of geoscience information available for a simplified investment decision.

We are planning to increase South Africa's share of global exploration expenditure to at least 3% within the next five years. To be precise, the department in consultation with the industry is earmarking to finalise the strategy before the end of the second quarter of 2021. The plan draws from vast expertise including regulators, exploration proficiency and geo-scientists of the geological landscape of South Africa. The plan will identify barriers that inhibit exploration in South Africa and recommends a set of appropriate interventions to achieve a respectable minimum share of exploration budget from the total global expenditure.

Upon finalisation of the Strategy, the Department will embark on a wide consultation with other critical stakeholders beyond those represented in the drafting team and

ultimately consult Cabinet and the President. We are certain that this plan will enable us to take full advantage of the renewed growth in the global exploration environment and prepare South African for exploration opportunities that are currently in the horizon.

## **Fraser Institute Survey 2020**

Last week we noted with great concern the outcome of the Fraser Institute Survey of mining companies indicating that South Africa has moved 20 spots down from 40 out of 76 to 60 out of 77 in 2020 compared to 2019. Moreover, after we have circumspect the survey, we have noted that in many of the indicators we are performing below the levels we want. It is on those bases that we commit to rolling our hands in changing our approach towards accelerating the process of licensing of both prospecting and mining rights.

Accordingly, improving the online system within the short period of less than a year will be our priority. We hope that as we move in fixing our systems and aligning our policies, investments will continue flowing in the sector even more than what we have witnessed in recent weeks and months. We have noted various investments announcements made recently by mining companies as they further explore, and harness opportunities presented by the mining industry.

We welcome the R6.8 Billion expansion announcement by Sibanye-Stillwater into their K4 PGM mine and Burnstone gold mine which will create about 7000 new jobs. Anglo American Kumba Iron Ore also announced a R3,6 Billion life extension project of their Sishen operation to extend the life of mine to 2039. Impala Platinum also announced an investment of R5.7 Billion into the expansion of Two Rivers mine in Limpopo. A junior mining company Orion Minerals also announced its \$25 million investment into its Priska Copper Zinc and the Okiep Projects, both located in the Northern Cape.

These announcements are an indication that South Africa is still considered by investors as a safe jurisdiction for mining investments and that is why having a better working cadastral system is a priority for betterment mining investment conditions.

## **Small scale mining framework**

We are focusing on the implementation of the Small-Scale Mining Framework to create the necessary policy and regulatory certainty required by the industry to unlock investment. We continue to promote the transformation of small-scale mining activities into commercially viable and sustainable projects capable of making a meaningful contribution to employment creation, poverty alleviation and increased economic activity to boost the capacity to create long-term jobs.

## **Technological innovation**

We believe that the sustainable development of the country's mineral wealth and endowment is largely dependent on investment in research and technological innovation, to have a globally competitive sector. Led by Mintek – the country's mineral research organisation and one of the world's leading technology organisations in the mineral processing, extractive metallurgy and related fields – in this session we will unpack the investment opportunities and details with regards to:

- Rare Earth Elements powered by South African minerals and Mintek Technology;
- World-class ferrochrome furnace development enabled by Mintek's smelting technology;
- Unlocking the vanadium bearing titaniferous magnetite to produce iron, vanadium and titania slag in a state-of-the-art smelting facility in South Africa; and
- Minataur™ - a flexible, scalable gold refining technology for emerging gold producers.

## **Mine Health and Safety**

Equally valuable to the extraction of minerals is the priority of ensuring the health and safety of mineworkers. Mining by nature is complex, technical and often labour-intensive. There is a greater need to ensure that the risks and hazards that are inherent

to mining do not cause harm and/or threaten the lives of mineworkers and the surrounding communities.

The Department will continue to work with social partners to implement plans to reduce the exposure to risks and hazards, to prevent and treat occupational diseases, eliminate fatalities and above all ensure all mineworkers return home from work unharmed every day.

We look forward to continued engagements and dialogues while working with all stakeholders as we regulate, transform, and promote the minerals and energy sectors, providing sustainable and affordable energy for growth and development, and ensuring that all South Africans derive sustainable benefit from the country's mineral wealth.

I thank you