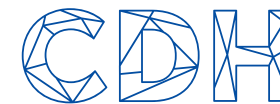


Mining & Minerals

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SOUTH AFRICA

Reflections on the 2024 Joburg Indaba



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Reflections on the 2024 Joburg Indaba

The 2024 Joburg Indaba (Indaba) can be aptly summarised in the words of Rafiki from The Lion King: *"Oh yes, the past can hurt. But the way I see it, you can either run from it, or learn from it."*

The Indaba provided a critical platform for mining industry leaders, policymakers and stakeholders to reflect on South Africa's mining journey over the past 20 years, while also casting a vision for the next 20 years. Key themes that emerged from the discussions centred around attracting investors to South Africa's mining sector through diversification to key minerals, addressing infrastructure challenges through collaboration between the Government and private sector, and ensuring that economic growth is inclusive. These three intertwined topics dominated panel discussions and presentations, highlighting the complex yet critical nature of South Africa's mining landscape.

Attracting investors to South Africa

One of the most pressing challenges faced by the South African mining sector is the need to restore investor confidence and trust. Roger Baxter, CEO of the Minerals Council South Africa, and others reiterated that the country's mining industry continues to offer significant potential, despite a range of well-documented challenges. However, South Africa's ability to unlock this potential hinges on addressing key investor concerns: regulatory certainty, political stability, and logistical efficiency.

The last 20 years saw the introduction of the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA), which sought to regulate the post-apartheid mining landscape. While this legislation succeeded in transforming the sector to some degree, enabling increased participation by historically disadvantaged South Africans (HDIs), the implementation of the law has been marred by inefficiencies. Delays in the granting of mining licenses, coupled with perceptions of corruption within the regulatory framework, have hampered investment. For instance, the growing trust deficit between Government and industry was highlighted and it was stressed that, while the MPRDA was initially well-received by the industry, its success in attracting investment has been compromised by governance failures.

However, the outlook is not entirely bleak. There was cautious optimism that the forthcoming online cadastral system, set to be fully operational by June 2025, will address some of the long-standing inefficiencies in mineral rights management. This system is expected to reduce the time taken to grant exploration licenses, which in turn will make South Africa more attractive to investors looking to enter the critical minerals space. Minerals such as copper, vital for the global green energy transition, present immense opportunities for the country.



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Additionally, participants stressed the need to more effectively market South Africa as an investment destination. The global demand for critical minerals is increasing, and South Africa has a unique opportunity to position itself as a key supplier of these resources. If South Africa can provide a stable, predictable policy environment, it can unlock exploration potential and make the country an attractive destination for venture capital investment.

Clean minerals: A critical path for South Africa's mining future

One of the most significant points raised at the Indaba was the urgent need for South Africa to diversify its mining portfolio and focus on clean minerals, which are pivotal to the global energy transition. As the world moves towards decarbonisation, the demand for minerals such as copper, lithium, cobalt and rare earth elements – essential for renewable energy technologies like electric vehicles, wind turbines and solar panels – is rapidly increasing. These minerals, often referred to as “critical minerals”, represent a new frontier in global mining, and South Africa must position itself to capitalise on this trend.

For decades, South Africa's mining industry has been heavily reliant on deep-level mining of gold and platinum, alongside other commodities such as coal and diamonds. However, global shifts towards reducing carbon emissions and the decline in traditional fossil fuel demand present both a

challenge and an opportunity. As the world turns away from coal and other high-emission resources, mining regions that have historically depended on these commodities face the risk of economic decline unless they pivot towards new, cleaner industries.

At the Indaba, it was noted that South Africa is already experiencing a decline in sectors such as gold mining, with overall employment figures in the industry decreasing. The key to reversing this trend, according to several panellists, lies in the country's ability to tap into the growing demand for clean energy minerals. South Africa has vast potential in critical minerals, including copper, which is essential for electric wiring and green energy infrastructure, and manganese, which is used in battery technology.

Focusing on these minerals offers South Africa a pathway to not only sustain its mining industry but also grow it in line with global trends. Embracing critical minerals could reestablish South Africa as a leader in the global mining space, drawing significant foreign direct investment into exploration and mining projects.



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South Africa also needs to focus on beneficiation; adding value to the minerals locally, rather than simply exporting raw materials. This would not only create more jobs but also help the country build a more resilient and diversified economy, less dependent on the fluctuations of commodity prices. The clean energy transition presents a once-in-a-generation opportunity, and for South Africa, shifting towards critical minerals is no longer just an option but a necessity for the survival and growth of its mining industry.

By repositioning itself as a key supplier of critical minerals, South Africa can ensure it remains relevant in a rapidly evolving global market, safeguarding jobs, driving inclusive economic growth, and contributing to the broader goals of sustainable development and decarbonisation. The world's push for green energy could very well be South Africa's gateway to rejuvenating its mining sector, provided the country moves swiftly to address the structural challenges that have hampered the industry's growth in recent years.

Fixing infrastructure: A prerequisite for growth

A recurrent theme at the Indaba was the impact of infrastructure bottlenecks on the mining sector's ability to grow. South Africa's mining industry, once a global leader, has been constrained by inadequate electricity supply, inefficient transport networks, and aging infrastructure. These challenges have not only stunted growth but have also caused the country to miss out on commodity booms.

The country's energy crisis, most notably marked by ongoing load-shedding, has been a severe impediment to the mining sector. However, there was cautious optimism at the Indaba, as 2024 marked the first time in nearly six months that load-shedding had been suspended. Industry players attributed this to improved collaboration between the Government and the private sector in supporting Eskom's turnaround efforts. While the situation is improving, it remains fragile, and long-term solutions – including private sector participation in energy generation – are essential to ensure energy security.

Transportation infrastructure was another key focus. The inability to efficiently transport bulk commodities such as chrome and manganese has significantly impacted South Africa's ability to participate in the global commodities market. At the Indaba, it was acknowledged that transport inefficiencies have cost the country during global commodity price booms, limiting the sector's overall growth. There was consensus that the Government must partner with the private sector to address these logistical challenges. Only through improved rail and port infrastructure can South Africa regain its competitiveness in exporting minerals to international markets.



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Inclusive economic participation: Transformation and the role of the mining industry

Transformation within the mining sector remains a key driver for inclusive economic growth in South Africa. Over the last two decades, significant strides have been made to include HDIs, particularly women, in the industry.

The mining industry's transformation journey was framed as both a success and a disappointment. On one hand, the industry has made remarkable progress, with approximately 83% of mining employees now being HDIs, and approximately 57% of senior or managerial positions held by HDIs. This is a significant achievement in an industry that, prior to 1994, was dominated by white men. On the other hand, the sector has not been able to "*think big*" when it comes to transformation – especially in terms of creating sustainable and inclusive growth across the board.

Participants stressed that inclusive growth requires more than just the empowerment of HDIs within the mining workforce. It also involves ensuring that the economic benefits of mining are shared equitably across society. This includes a focus on local communities affected by mining operations, who often see little benefit from the wealth generated by the sector. There was a call for the Government and industry to work together to address these imbalances, with a particular emphasis on improving governance at the municipal level, where much of the responsibility for delivering social services lies.

Conclusion

The 2024 Joburg Indaba highlighted both the challenges and opportunities facing South Africa's mining industry. While the sector remains critical to the country's economy, it is clear that significant reform is needed to attract investors, address infrastructure issues, and ensure inclusive economic participation. By focusing on these areas, South Africa can reposition itself as a global leader in the mining industry, unlocking new opportunities for growth and development. The next 20 years will be crucial in determining whether the country can overcome its current challenges and realise the full potential of its mineral wealth.

Jaco Meyer



OUR TEAM

For more information about our Mining & Minerals sector and services in South Africa and Kenya, please contact:



Vivien Chaplin

Sector Head: Mining & Minerals
Director: Corporate & Commercial
T +27 (0)11 562 1556
E vivien.chaplin@cdhlegal.com



Ian Hayes

Practice Head & Director:
Corporate & Commercial
T +27 (0)11 562 1593
E ian.hayes@cdhlegal.com



Emil Brincker

Practice Head & Director:
Tax & Exchange Control
T +27 (0)11 562 1063
E emil.brincker@cdhlegal.com



Claudette Dutilleux

Director:
Dispute Resolution
T +27 (0)11 562 1896
E claudette.dutilleux@cdhlegal.com



Jackwell Feris

Sector Head:
Industrials, Manufacturing & Trade
Director: Dispute Resolution
T +27 (0)11 562 1825
E jackwell.feris@cdhlegal.com



Willem Jacobs

Director:
Corporate & Commercial
T +27 (0)11 562 1555
E willem.jacobs@cdhlegal.com



Rachel Kelly

Director:
Corporate & Commercial
T +27 (0)11 562 1165
E rachel.kelly@cdhlegal.com



Fiona Leppan

Director: Employment Law
T +27 (0)11 562 1152
E fiona.leppan@cdhlegal.com



Burton Meyer

Director:
Dispute Resolution
T +27 (0)11 562 1056
E burton.meyer@cdhlegal.com



Jaco Meyer

Director:
Corporate & Commercial
T +27 (0)11 562 1749
E jaco.meyer@cdhlegal.com



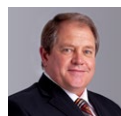
Rishaban Moodley

Practice Head & Director:
Dispute Resolution
Sector Head:
Gambling & Regulatory Compliance
T +27 (0)11 562 1666
E rishaban.moodley@cdhlegal.com



Aadil Patel

Practice Head & Director:
Employment Law
Sector Head:
Government & State-Owned Entities
T +27 (0)11 562 1107
E aadil.patel@cdhlegal.com



Allan Reid

Executive Consultant:
Corporate & Commercial
T +27 (0)11 562 1222
E allan.reid@cdhlegal.com



Clarice Wambua

Consultant | Kenya
T +254 731 086 649
+254 204 409 918
+254 710 560 114
E clarice.wambua@cdhlegal.com



Deon Wilken

Director:
Banking, Finance & Projects
T +27 (0)11 562 1096
E deon.wilken@cdhlegal.com



Alistair Young

Director:
Environmental Law
T +27 (0)11 562 1258
E alistair.young@cdhlegal.com



Anton Ackermann

Associate:
Corporate & Commercial
T +27 (0)11 562 1895
E anton.ackermann@cdhlegal.com



Sandile Shongwe

Associate:
Corporate & Commercial
T +27 (0)11 562 1242
E sandile.shongwe@cdhlegal.com



Alecia Pienaar

Counsel:
Environmental Law
M +27 (0)82 863 6279
E alecia.pienaar@cdhlegal.com

BBBEE STATUS: LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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JOHANNESBURG

1 Protea Place, Sandton, Johannesburg, 2196. Private Bag X40, Benmore, 2010, South Africa.

Dx 154 Randburg and Dx 42 Johannesburg.

T +27 (0)11 562 1000 F +27 (0)11 562 1111 E jhb@cdhlegal.com

CAPE TOWN

11 Buitengracht Street, Cape Town, 8001. PO Box 695, Cape Town, 8000, South Africa. Dx 5 Cape Town.

T +27 (0)21 481 6300 F +27 (0)21 481 6388 E ctn@cdhlegal.com

NAIROBI

Merchant Square, 3rd floor, Block D, Riverside Drive, Nairobi, Kenya. P.O. Box 22602-00505, Nairobi, Kenya.

T +254 731 086 649 | +254 204 409 918 | +254 710 560 114

E cdhkenya@cdhlegal.com

STELLENBOSCH

14 Louw Street, Stellenbosch Central, Stellenbosch, 7600.

T +27 (0)21 481 6400 E cdh Stellenbosch@cdhlegal.com

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