



Mining & Minerals

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South Africa

Critical minerals:
Navigating UK and
South African incentives,
grants and opportunities



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Critical minerals - such as lithium, cobalt, rare earth metals and platinum group metals - have emerged as one of the defining resource challenges of the twenty-first century, underpinning both the clean energy transition and modern technological infrastructure, and demand is escalating rapidly. EU demand for rare earths is expected to increase six-fold by 2030, and in the UK alone, demand for lithium is projected to increase by as much as 1,100% by 2035.

Yet the security of these supply chains remains precarious. China dominates global refining capacity across 19 of 20 critical minerals and remains the primary destination for African raw materials. The transition toward green industrialisation and digital transformation has prompted major economies to reassess resource security through targeted incentives, strategic grants and industrial policy interventions.

Many jurisdictions have introduced incentives for the exploration, investment in, and development of critical minerals, as well as more broadly for clean energy and battery projects. The clean energy space in particular presents an opportunity for the

resurgence of mining in African countries and use of untapped critical mineral reserves. In this article, which came out of a meeting of minds between Bird & Bird and Cliffe Dekker Hofmeyr at the 2026 Mining Indaba, we explore the various incentives available in the UK to UK businesses, in South Africa to African businesses, and the bridge between UK incentives and South African opportunities.

Overview of the UK government critical minerals grants and incentives

The UK currently offers a mix of direct grants, state-backed finance/guarantees, and operational incentives to support its critical minerals strategy. The latest framework - "*Vision 2035: Critical Minerals Strategy*" (the UK Strategy) (updated on 23 January 2026, the third iteration of the UK's critical minerals strategy since 2022), is a 10-year framework setting out the following ambitious objectives to be achieved by 2035 in respect of annual UK demand for critical minerals: sourcing 10% through domestic production; sourcing 20% from recycling; and ensuring no more than 60% of supply for any single mineral is sourced from a single country.

Notably, the UK's Strategy introduces a new category of "*growth minerals*" (including beryllium, copper, chromium, graphite, and other rare earth elements) identified as critical to the future

requirements of the UK's growth sectors. Growth minerals now sit alongside the critical minerals list (with some overlap), meaning that growth minerals can benefit from certain government public finance support schemes in the same manner as critical minerals (including access to the National Wealth Fund and the Environment Agency's priority tracked services).



Below we have considered some of the main programmes currently offered and anticipated by the UK Government under the UK Strategy.

1. Direct grants

Driving Research and Investment in Vehicle Electrification (DRIVE35) currently supports UK-based manufacturing capabilities for zero-emission vehicles, particularly critical minerals projects in battery materials, lithium refining, recycling and rare earth magnets. DRIVE35 builds upon the Advanced Propulsion Centre R&D programmes and Automotive

Transformation Fund (which funded critical mineral projects such as Green Lithium and Altium). For example, in January 2026 Ionic Rare Earths received an Offer In Principle for a £12million capital grant towards a commercial magnetic recycling facility in Belfast. As of March 2026, live grant competitions include the DRIVE35 Innovation Fund (grants of £500,000 to £1.5million; £33million available in total) and APC Collaborate (grants of £2.5million to £25million), both requiring a minimum of 50% match funding.

The UK's Strategy promises that, following the 2025 Spending Review, the UK's Department for Business and Trade (DBT) will make up to £50million available for critical mineral projects in the UK. Full details are expected later in 2026.

2. State-backed finance and guarantees

Direct grants are intended to complement existing public financing mechanisms, including the National Wealth Fund (NWF) and UK Export Finance (UKEF).

The NWF is a UK government-owned public finance institution, created in October 2024 when the UK Infrastructure Bank was refocused and rebranded as the NWF to mobilise private capital for clean energy and industrial transformation. The fund can deploy equity, loans, guarantees and local-authority lending into strategically important projects which meet a set of investment criteria. The NWF has up to £27.8 billion of public capital for deployment, with the aim of mobilising larger volumes of private investment alongside it. Its investment priorities focus on four sectors: clean energy, advanced manufacturing, digital and technologies, and transport. The NWF has made equity investments in critical mineral

projects, including £24 million into Cornish Lithium (August 2023), £28.6 million into Cornish Metals (January 2025) and a further £31 million to Cornish Lithium (announced September 2025).

UKEF, the UK's export credit agency, has a suite of guarantees, loans and insurance products that can support domestic and international critical minerals projects, including two critical minerals-specific guarantee products.

- The Critical Minerals Supply Finance supports overseas projects (including mining, processing, manufacturing and recycling) by guaranteeing bank loans made by commercial lenders to projects with long-term offtake contracts to supply UK exporters with critical minerals products. In addition, UKEF may support supply of Beryllium, Chromium, Copper or Uranium in line with the DBT growth minerals list.
- The Critical Goods Export Development Guarantee enables suppliers of critical minerals products to UK exporters to access finance, by providing an 80% guarantee on commercial lending facilities of over £25 million (subject to certain qualification criteria). This helps suppliers secure long-term import contracts or invest in domestic capability.

Both instruments are aimed at capex-heavy projects where price volatility makes risk-sharing with lenders desirable.

The UK's Strategy also notes the £4billion "Industrial Strategy Growth Capital" initiative through the British Business Bank (BBB). This will be deployed through BBB's existing capabilities across the eight



Mining & Minerals

SOUTH AFRICA

growth-driving sectors under the Industrial Strategy. Given that critical minerals are a foundational industry to the growth sectors, and considering the regional clusters of critical minerals expertise across the UK, BBB will also explore how its initiatives, including its Nations and Regions Investment Funds, can ensure that critical minerals SMEs can access appropriate finance options to start and scale in the UK.

3. Operational incentives

The UK's Strategy outlines operational incentives to reduce cost and friction for critical minerals projects.

A key initiative is the Environment Agency's extension of its priority tracked service (for complex permitting) to the critical minerals sector, aimed at reducing permitting timelines and providing extra coordination and expertise to navigate the Environmental Permitting Regulations.

In addition, the UK's Strategy addresses energy costs (widely cited as a key barrier across industry) through the new British Industrial Competitiveness Scheme (BICS), which from 2027 will reduce electricity costs by up to £40 per megawatt hour for electricity-intensive industries (including critical minerals), alongside an increase in relief under the Network Charging Compensation Scheme, further reducing costs for the most electricity-intensive businesses.

It is worth noting that critical minerals are already a focus of the UK's National Security and Investment Act 2021 (NSIA). Extraction, refinement, processing, production and end-of-life recovery (whether in a single element, compound or product form) are

currently captured within the Advanced Materials Schedule of the NSIA, one of the 17 sensitive sectors specified under the NSIA. However, it is anticipated that critical minerals will be carved out as a distinct sensitive sector under the NSIA. For critical minerals, the UK government will further consider whether additional minerals should be in scope, in line with those highlighted in the 2025 UK Critical Minerals Strategy. Investments crossing the 25%, 50% or 75% thresholds for shares or voting rights in a relevant business which is active in one of the 17 sensitive sectors designated by the NSIA (which includes Advanced Materials) require mandatory notification, and this applies to both UK and foreign investors. It is important to note for companies active in critical minerals that internal re-organisations are also currently captured under the NSIA in addition to any external investments and acquisitions, although the Government recently consulted on amending these rules. This is a relevant consideration as the current mix of grants, state-backed finance and operational incentives is arguably insufficient to meet the Strategy's objectives, relying heavily on private investment unfortunately without the price support mechanisms available in the EU, U.S. and Canada.

More broadly, the UK Strategy recognises that domestic capability alone cannot deliver supply security. Like the EU and U.S., the UK will remain a net importer and needs to secure stable, long-term access to critical minerals. Priority partners identified in the UK's Strategy include the EU, U.S., Canada, Australia, Saudi Arabia, India and Japan.



Overview of South Africa's existing exploration grants and junior mining support

South Africa holds some of the world's most significant reserves of platinum group metals, manganese and vanadium. Despite its substantial mineral endowment, current investment remains minimal relative to reserves and needs to be leveraged. Accordingly, the country is repositioning itself not merely as a source of raw minerals, but as a centre for value-added processing and high-tech manufacturing. To support this strategic shift, various incentives and grants are available for the mining of critical minerals.

In 2025, the South African government introduced the "Critical Minerals and Metals Strategy" (Critical Minerals and Metals Strategy) seeking to leverage the country's mineral endowment to support inclusive economic growth by prioritising exploration and local beneficiation. This creates a self-sustaining industrial base that supports downstream industries like electric vehicle production and renewable energy storage. The strategy recognises that without deliberate intervention, higher-value economic benefits will continue to accrue offshore.

1. Junior Mining Exploration Fund

The ZAR400 million Junior Mining Exploration Fund (JMEF) supports junior mining companies in identifying and proving new mineral deposits prior to commercial development. Grants range from ZAR10 million to ZAR50 million per beneficiary and are non-repayable, though convertible at the funder's option

to equity or profit share (capped at 49%) upon discovery of a viable ore body. Under the JMEF Terms of Reference, the Industrial Development Corporation (IDC) (South Africa's development finance institution) and the Council for Geoscience (CGS) (South Africa's national science council for geoscientific research and information) have a right of first refusal for follow-on funding after the initial grant, including to fund feasibility studies alongside "Strategic Equity" partners where a viable reserve is established.

Eligibility is limited to non-listed private companies holding valid prospecting or mining rights (with at least 12 months' validity remaining), engaged in greenfield or brownfield exploration within South Africa, at least 51% black-owned (in line with South Africa's B-BBEE policies (as further defined below)), and neither the entity nor any controlling shareholder may derive revenue from other mining rights.

Grant funding must be applied to: (i) early-stage discovery, including drilling and logging, rock sample analyses, geophysics surveys, geochemistry studies, geotechnical assessment, geohydrological studies, environmental studies, and data interpretation culminating in a Competent Persons Report (CPR); and/or (ii) advanced exploration, including further resource definition, geotechnical studies, metallurgical testing, environmental impact assessment, permitting, regulatory compliance, and feasibility studies.

At the 2026 Mining Indaba, the JMEF fund pool was announced to have increased to ZAR2 billion, including a ZAR600 million contribution from Anglo American. Applications for 2026 have yet to open.

2. IDC funding

The IDC also provides funding for the mining and metals sector. Whilst not a formal incentive programme, the IDC welcomes applications for project funding.



Mining & Minerals

3. Special Economic Zones (SEZs)

South Africa has designated various Special Economic Zones under the Special Economic Zones Act 16 of 2014, including Atlantis, Nkomazi and Coega. These afford entitlements such as a preferential 15% corporate tax rate, tax relief, and tax allowances for greenfield and brownfield investments, provided the South African Department of Trade, Industry and Competition's (DTIC) eligibility and investment criteria are met. The Jewellery Manufacturing Precinct in the OR Tambo SEZ is one example of this framework in practice.

Although not specific to critical minerals, these SEZs offer a fiscal framework that could support minerals beneficiation and processing, particularly given the Critical Minerals and Metals Strategy's focus on establishing dedicated beneficiation hubs.

4. ASM policy and fund

The Department of Mineral and Petroleum Resources promulgated the Artisanal and Small-Scale Mining Policy in 2022 under the Mineral and Petroleum Resources Development Act 28 of 2002. The associated Artisanal and Small-Scale Mining Fund, administered by the DTIC and the IDC, provides financial assistance to small-scale miners for rehabilitation guarantees, capital equipment and operational expenditure. Applicants must, *inter alia*, hold a valid mining permit and demonstrate capacity to advance transformation in the mining sector. In 2024, 20 applications were approved totalling ZAR68 million. Applications for 2026 have yet to open.

Further developments may follow given that the Draft Mineral Resources Development Bill 2025 makes provision for two new permit types: an artisanal mining permit (1.5 hectares, 2-year term) and a small-scale mining permit (five hectares, 5-year term).

5. Black Industrialist Scheme

The Black Industrialist Scheme (BIS), administered by the DTIC, provides funding for a range of projects including mineral beneficiation, in line with South Africa's policy of "*Broad-Based Black Economic Empowerment*" (B-BBEE). Successful applicants may receive cost-sharing grants of 30% to 50%, up to a maximum of ZAR50 million, covering capital investment costs; feasibility studies (capped at ZAR3 million); post-investment support (capped at ZAR500,000); and business development services (capped at ZAR2 million). The grant quantum depends on the level of black ownership and management

control, the economic benefit of the project, and project value (minimum ZAR30 million). Projects must qualify as expansion or investment projects resulting in new employment or employee retention. To date, approximately ZAR4.2 billion has been granted to black businesses under the BIS, making it a significant mechanism for both unlocking the critical minerals sector and advancing B-BBEE.

The BIS is available only to South African incorporated entities that are majority black-owned (with the black shareholder holding majority management control) and hold an appropriate B-BBEE contributor status under the Codes of Good Practice on Broad-Based Black Economic Empowerment, 2019 (Codes). Applicants must also satisfy a range of additional criteria relating to market positioning, operational efficiency, localisation, regional development, personal commitment to the business, and empowerment objectives.

6. TIA funding

The Technology Innovation Agency offers financial incentives of ZAR2 million to ZAR15 million for technology development, applied research and pilot projects, including those related to mining beneficiation, minerals processing and energy-transition minerals (categorised under "*Natural Resources*"). Projects must aim to enhance the competitiveness of South Africa's mining sector or advance net-zero and sustainability objectives.

Several other incentives, whilst not directed specifically at critical minerals, may be relevant where these activities form part of broader projects. Notable among these is the Green Fund,



administered by the Development Bank of South Africa (transferred from the Department of Forestry, Fisheries and the Environment), which provides up to ZAR25 million for feasibility and project preparation and up to ZAR70 million for investment funding. The Green Fund focuses on innovative projects supporting South Africa's transition to a low-carbon, resource-efficient economy, though it may extend to technologies such as hydrogen fuel cells that support beneficiation of local mineral resources.

Bridging UK incentives and South African opportunities

Many of the UK incentives for critical minerals are not directly available to African entities – however, at the 2026 Mining Indaba, the UK Government and Anglo American announced the establishment of a £2 million Impact Finance Facility through the Impact Finance Network, targeted at expanding access to capital for South African small medium enterprises (SMEs).

The UK and South Africa also have a pre-existing bilateral partnership, established in November 2022, on minerals for future clean energy technologies and the energy transition. This partnership promotes responsible exploration, development, production and processing of minerals in South Africa, and is deepened through regular ministerial and technical dialogues. Further direct incentives for South African companies are expected through this partnership.

The £50 million in DBT funding for innovative critical mineral projects discussed above, whilst targeted at UK businesses, may extend to international projects including in Africa, for example through joint ventures with UK-based companies. Similarly, the UKEF guarantee products outlined above – the Critical Minerals Supply Finance and the Critical Goods Export Development Guarantee – are available to overseas project sponsors, provided the relevant project has a long-term contract to supply UK exporters with qualifying critical minerals. This creates a direct avenue for African counterparties to access UK-backed credit support where they are positioned as suppliers to UK exporters.

At a broader, less fiscal, level, the UK provides technical incentives through the Green and Inclusive Growth Centre of Expertise, an Official Development Assistance funded initiative that partners with African governments to help them digitalise and sustainably manage their critical mineral resources. As an example, the UK government partners with the World Bank Group to fund and deliver the Resilient and Inclusive Supply Chain Enhancement Partnership. This initiative is specifically designed to diversify supply chains and foster enabling investment environments in mineral rich, low-and middle-income countries, including many nations across Africa.

Conclusion

The global race to secure critical mineral supply chains presents significant opportunities for both UK and South African stakeholders. While the UK's Vision 2035 framework offers a maturing suite of grants, state-backed finance and operational incentives, South Africa's Critical Minerals and Metals Strategy signals a decisive shift towards local beneficiation and value addition. Crucially, bilateral mechanisms, if used effectively, provide tangible pathways for cross-border collaboration. Businesses operating across both jurisdictions should proactively engage with these evolving frameworks to capitalise on the incentives available.

This article was a collaboration between Bird & Bird (UK) and CDH (South Africa).

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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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