

The economic outlook
and current environment for

JUNIOR MINING AND EXPLORATION

Minerals Council, DMRE advance exploration, junior mining

A key development that resulted from the much maligned 2017 Mining Charter, and the subsequent appointment of Minerals and Energy Minister **Gwede Mantashe**, was increased and fruitful engagement between the Department of Minerals Resources and Energy (DMRE) and Minerals Council South Africa, particularly in terms of exploration and junior mining.

Minerals Council Junior and Emerging Miners' Leadership Forum (JEMLF) chairperson and Orion Minerals CEO **Errol Smart** explains that, without the junior sector – which includes prospecting, exploration and mine development – South Africa's known reserves will be exhausted, and the mining industry will continue to wane.

Minerals Council Junior and Emerging Miners Desk head **Grant Mitchell** explains that, given its importance to the industry, the Minerals Council places significant emphasis on junior mining. Currently 34 junior miners across all commodities, over and above the hundreds represented through associations are Minerals Council members.

"The board is the apex of the Minerals Council. Beneath the board there are ten leadership forums that are mostly commodity-based, but include other forums, such as the JEMLF," explains Minerals Council Social Performance head **Alex Khumalo**.

He notes that the forum provides a platform for member companies to comment on developments affecting the sector as well as to elevate issues to the board, as needed.

The Junior and Emerging Miners Desk, meanwhile, supports juniors by offering expert advice on various mining-related concerns, as well as facilitating communication with the DMRE and other government bodies.

Mitchell stresses, "one of the biggest benefits

of membership is that the Council will canvass opinions [before communicating with government]" and will try to influence policies in favour of junior and emerging miners. The second is that the Minerals Council is engaged in ongoing research to "build up a knowledge base" and disseminates key information and best practice through public webinars and other platforms.

Further, initiatives such as the Covid-19 Vaccination Centres and the Covid-19 Management Systems, were "developed by the majors, with input from juniors, who benefitted from access to said initiatives".

Smart states that there is "enormous value in becoming part of a collective that is actively creating its own succession plan".

This "succession plan" is evident in the Minerals Council's engagement on Mining Charter III and the fact that prospectors and developers are now exempt from Charter obligations, which has been instrumental in renewing interest in the sector.

"We have to recreate greenfield exploration in South Africa. In 2019, we attracted less than 1% of global exploration spend, in one of the biggest mining economies in the world. That's criminal," Smart avers, adding that an unfavourable regulatory environmental has largely been at fault for the industry's distress.

However, engagement with the DMRE led to the removal of Charter obligations for prospectors as well as to the establishment of a task team to promote exploration. It has also led to a general consensus that the current SAMRAD system is detrimental to the sector and needs to be replaced.

"We need a mining cadastre that is user friendly, transparent, effective, efficient, and digital. One that will demystify and simplify the application process, while ensuring that mineral

title ownership remains sacrosanct," states Smart.

During the Parliamentary Portfolio Committee meeting in March, Mantashe committed the DMRE to implementing a new system within six months, however, Smart suggests that a more accurate timeline is probably closer to 12 to 18 months.

The Minerals Council has offered to fund some of the work in creating this new system as well as some of the training. We have the necessary skills within the Council to ensure a smooth transition away from SAMRAD. If the DMRE chooses the right system, something that can directly interface with the system used by a significant number of local mining houses, then roughly 40% of the mineral rights data can be inputted almost immediately."

He says there is also a push to standardise procedures and to establish an Exploration Strategy to drive growth. The strategy will include input from the DMRE, the Minerals Council and the Council for Geoscience and will focus on exploration; the policy and regulatory framework; improving the operational environment; and establishing a one-stop shop to unblock outstanding mining licences and rights.

Having spoken to the DMRE director-general **Thabo Mokoena** at the Junior Indaba earlier this month, Smart says there is an indication that Mokoena is waiting for direction on whether the strategy must be approved by Cabinet before publication for public comment. Mitchell adds that all indicators point to government trying to fast-track the document, which will, hopefully, be published sooner rather than later.

"There are juniors that are actually doing geophysical surveys and starting to drill holes and I see that as a huge success. It shows that things are changing, and people are prepared to make risky investments because slowly but surely, we're implementing a friendlier and friendlier regulatory environment. If we can agree to this exploration strategy and it can be implemented by the DMRE, then the floodgates will open for massive investment into South Africa," Smart concludes.

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