

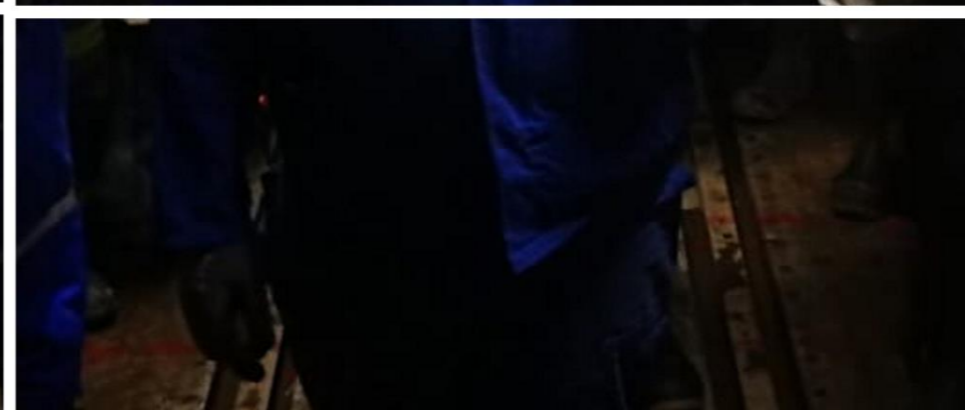
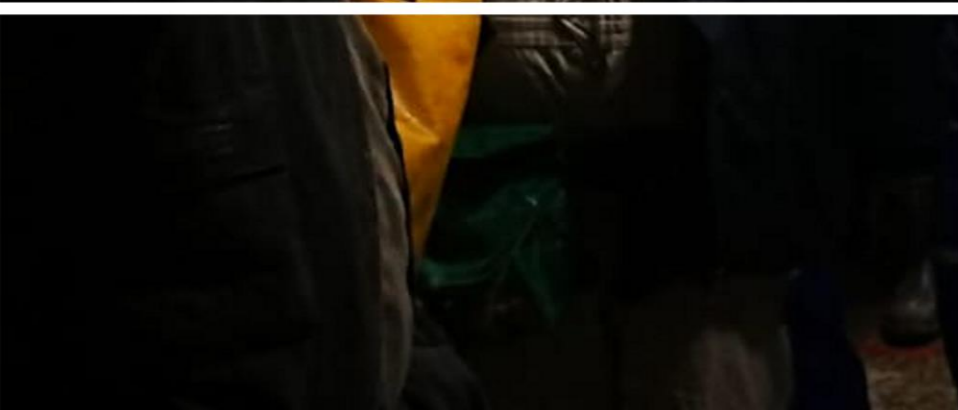
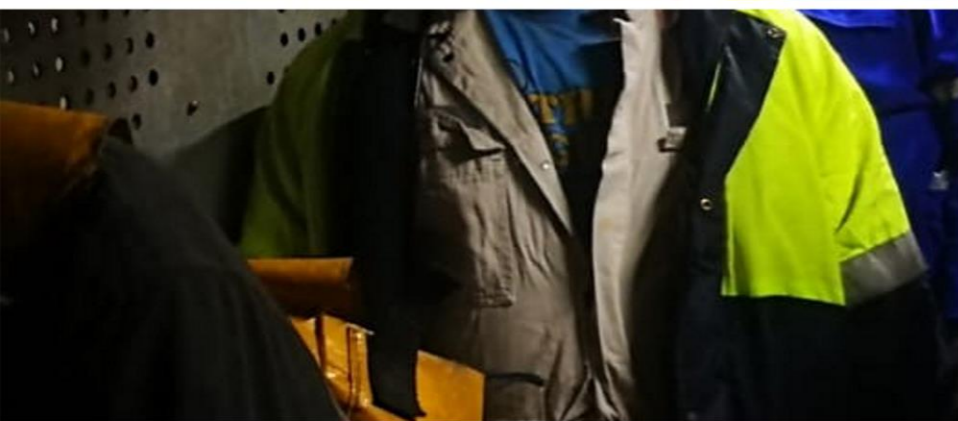
STATE OF THE MINING NATION

MXOLISI MGOJO
MINERALS COUNCIL PRESIDENT

1 February 2021

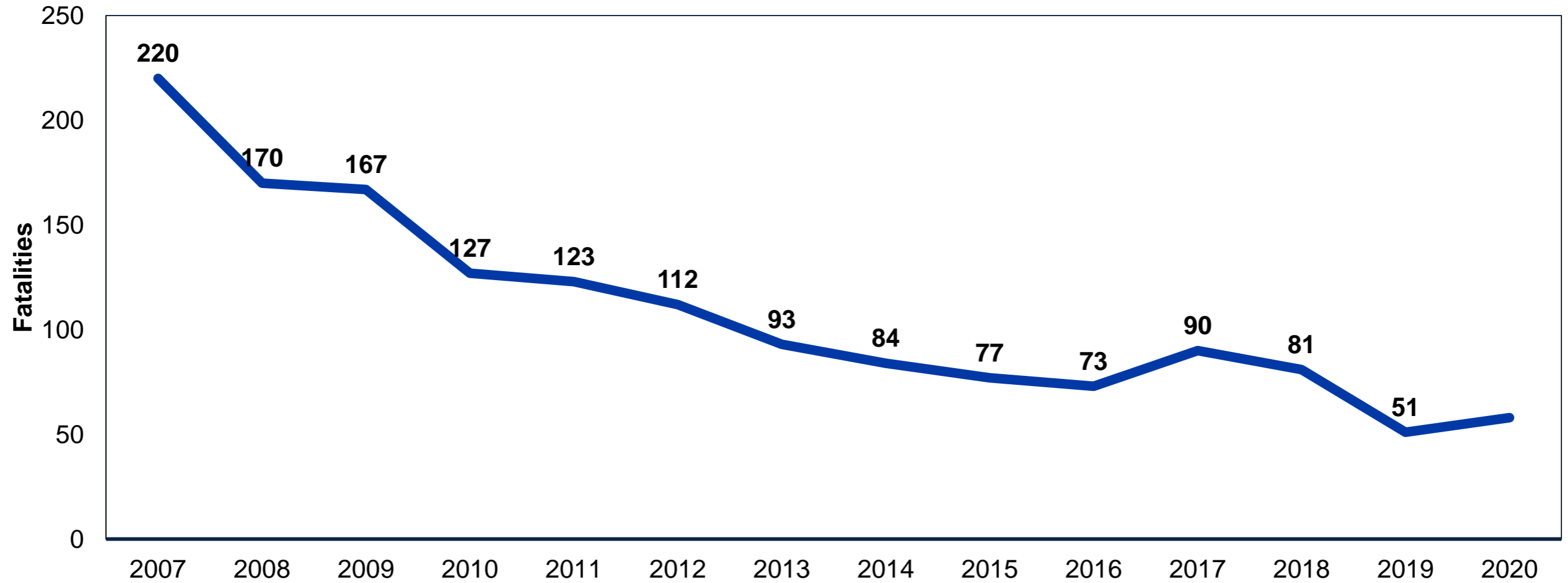


MINERALS COUNCIL
SOUTH AFRICA



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OUR JOURNEY TO ZERO HARM



Source: Department of Mineral Resources and Energy

A MASSIVE EFFORT IN THE FACE OF A PANDEMIC

Mining industry statistics as at 29 Jan 2021

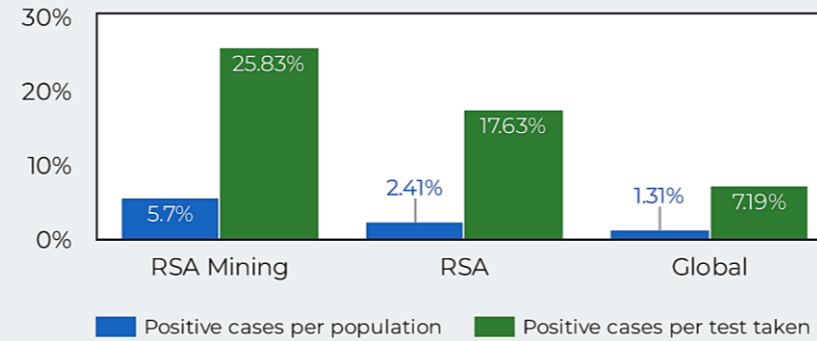
Total no of people screened	382,962
Total no of tests	104,084
Total number of positive cases	26,880
Active cases	1,504
Deaths	275
Recovered	25,100

Global test rate **18.20%**

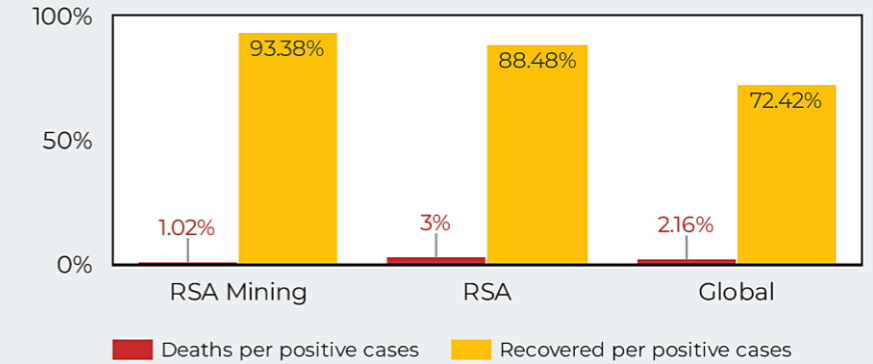
RSA test rate **13.65%**

Mining test rate **22.06%**

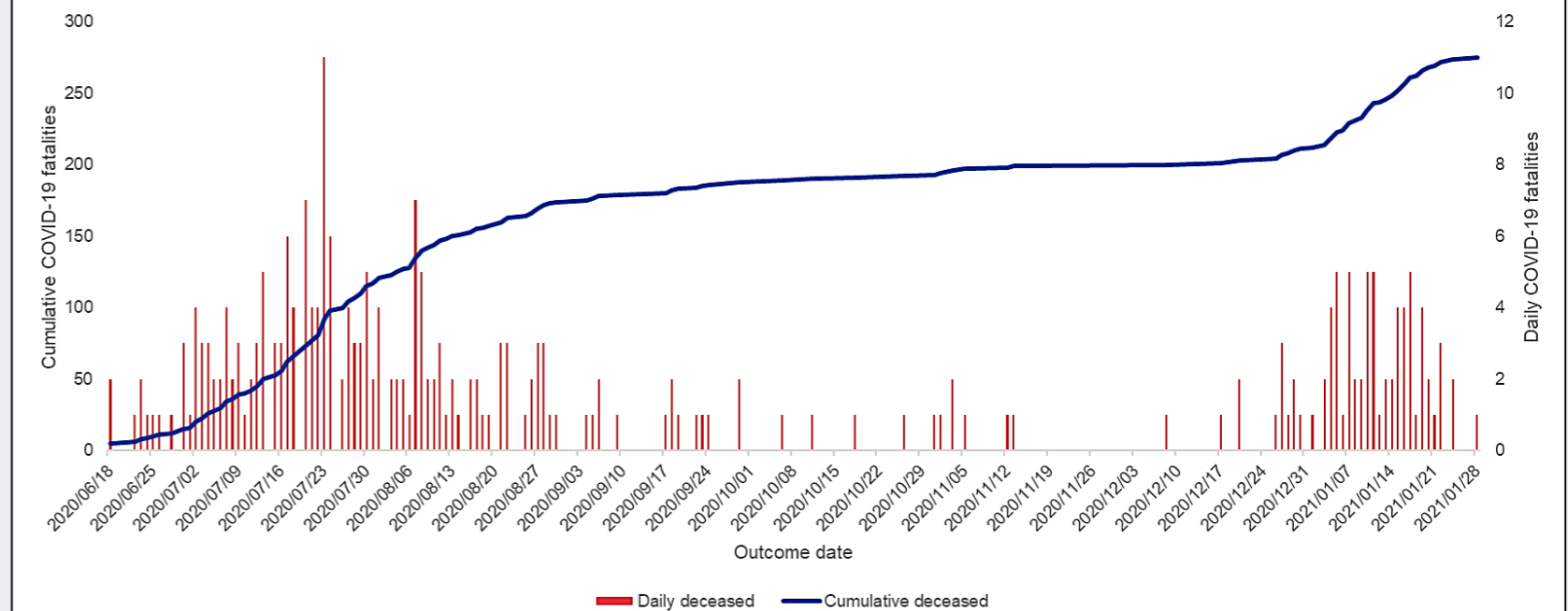
Positive cases per population and per tests taken



Recovered cases and deaths per positive cases



Mining-related COVID-19 fatalities trends over time, national



MINING CONTINUES TO MAKE A SIGNIFICANT CONTRIBUTION

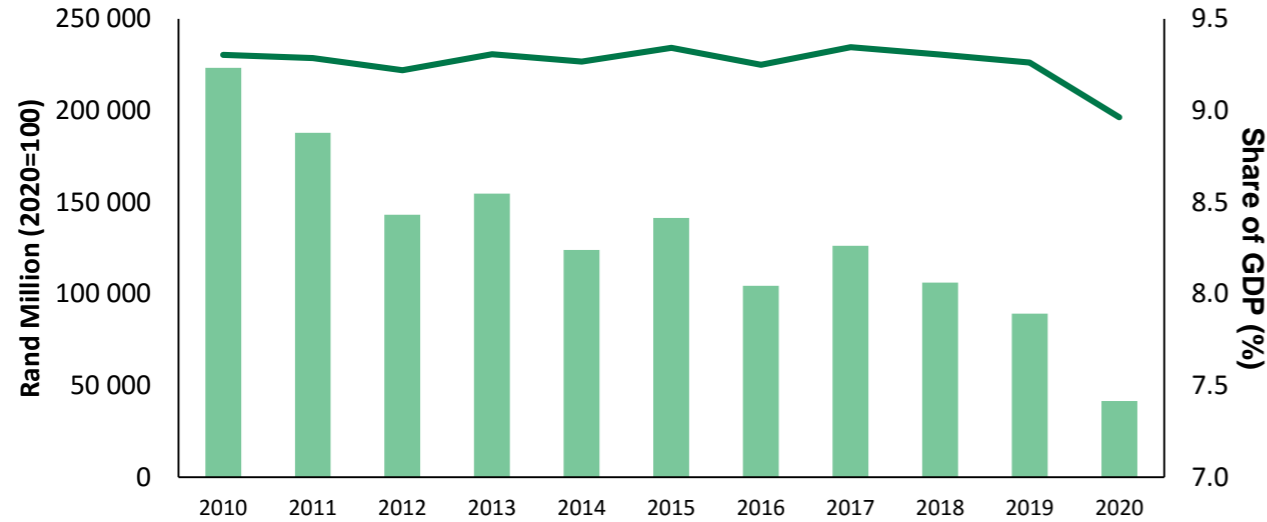


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* Estimates based on latest statistics available
 ** Fiscal year
 *** DMRE figures previously used. Figures updated with latest available SARS figures

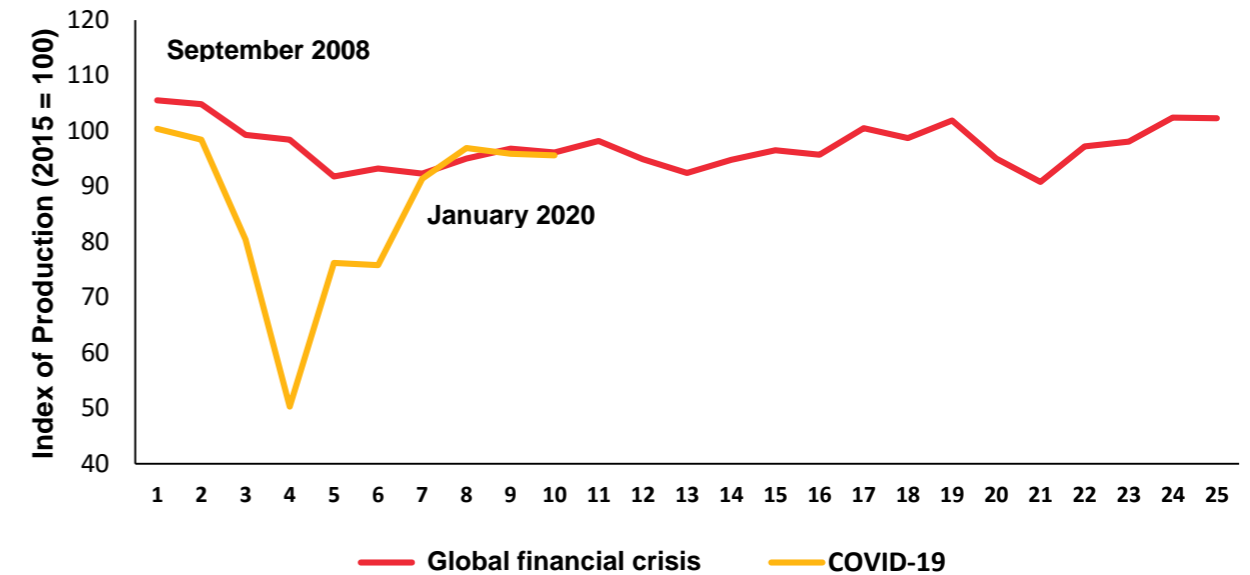
A STORY OF RESILIENCE

Mining gross domestic product



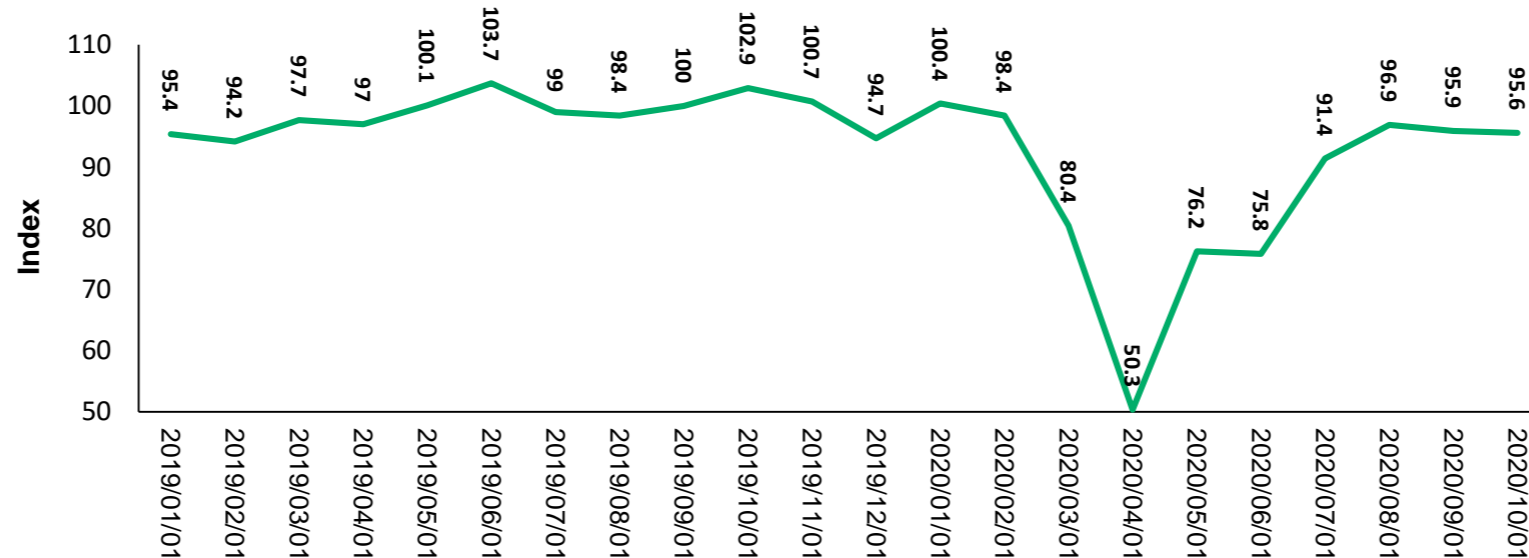
Sources: Statistics South Africa, South African Reserve Bank, Minerals Council South Africa

Comparing COVID-19 with GFC



Sources: Statistics South Africa, Minerals Council South Africa

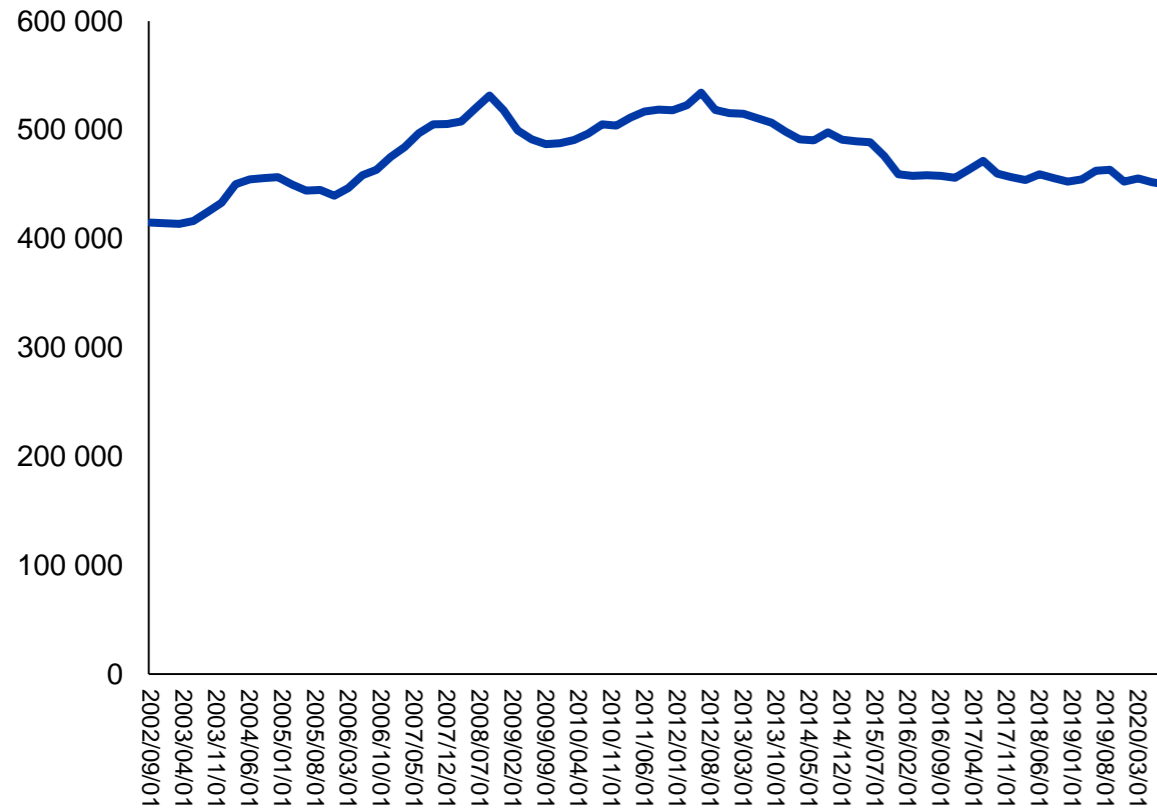
Index of seasonally adjusted mining production



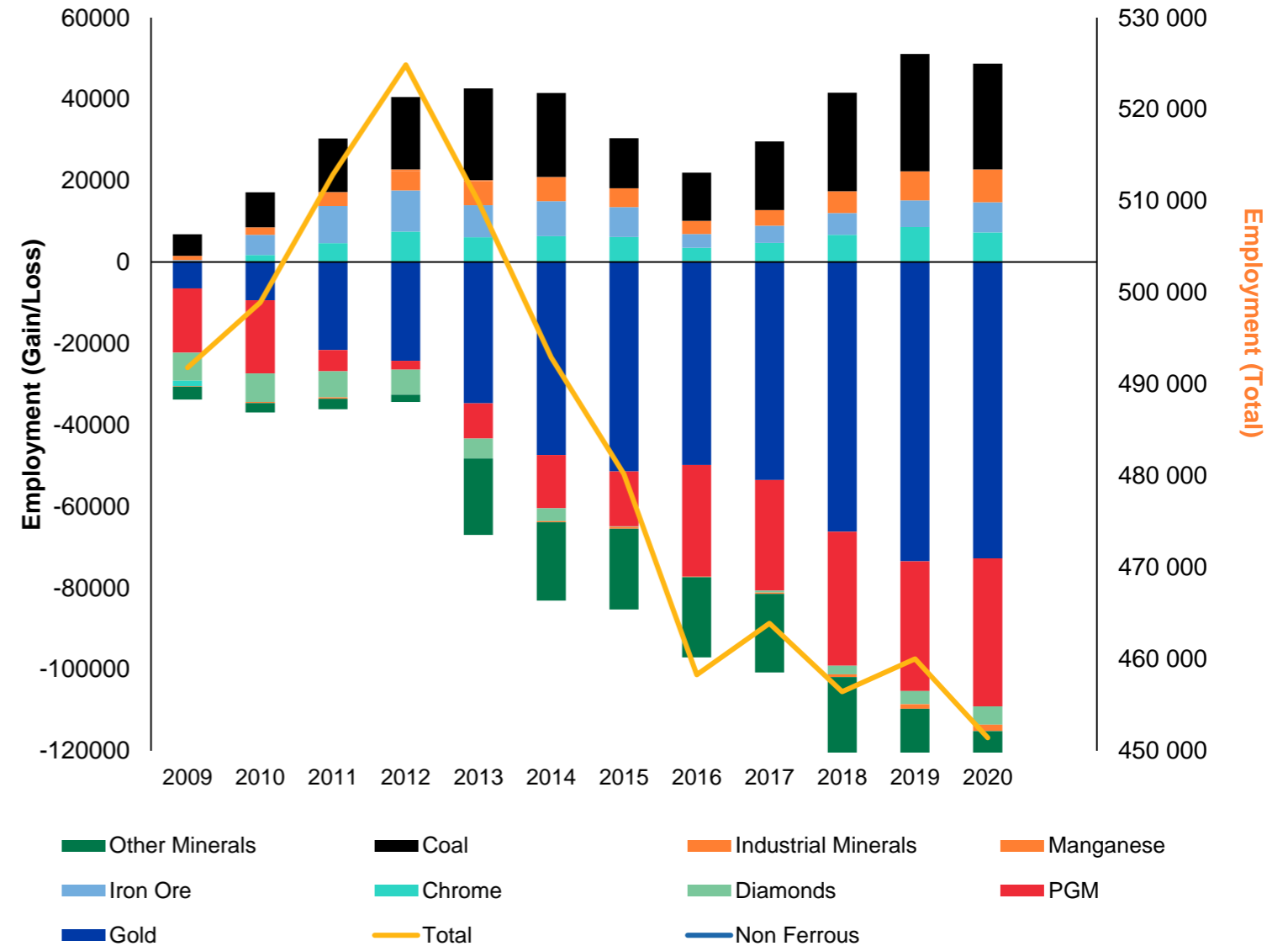
Sources: Statistics South Africa, Minerals Council South Africa

EMPLOYMENT, UNCERTAIN BUT HOLDING

Employment numbers in mining

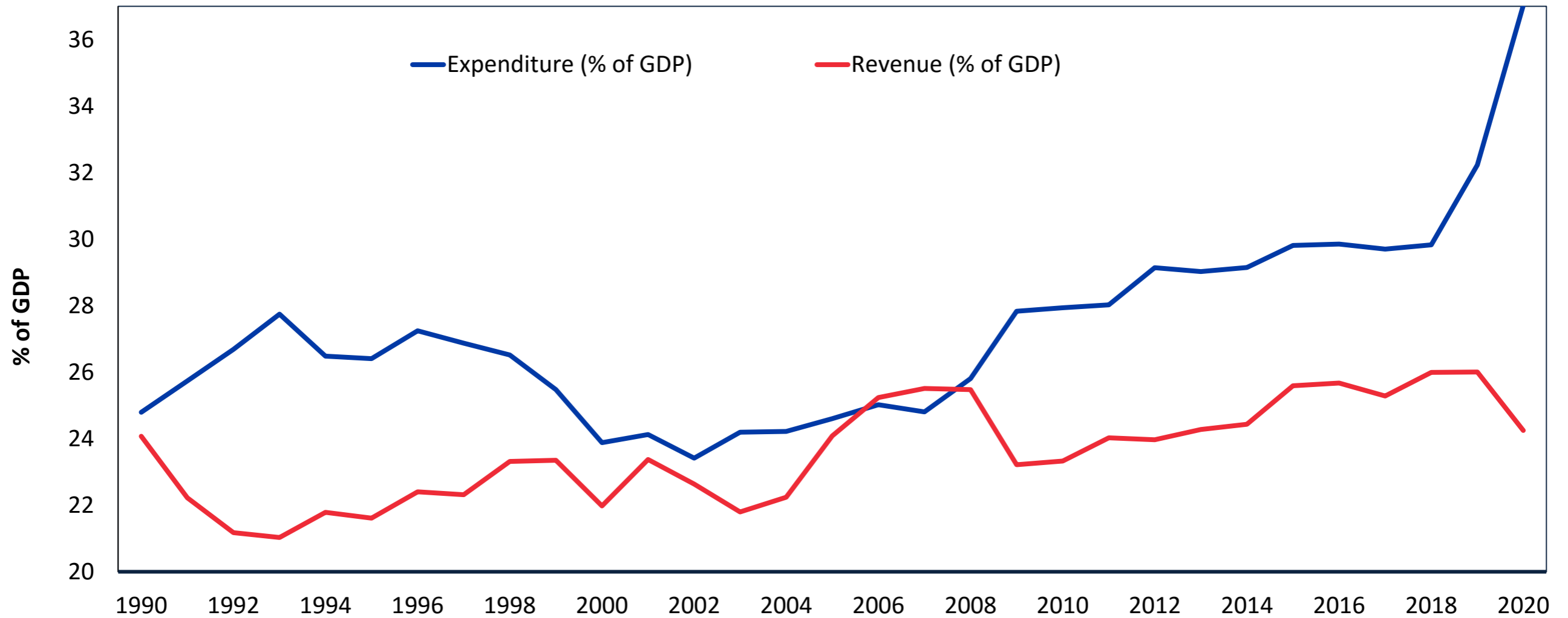


Total employment gains and losses per commodity: 2009-2020

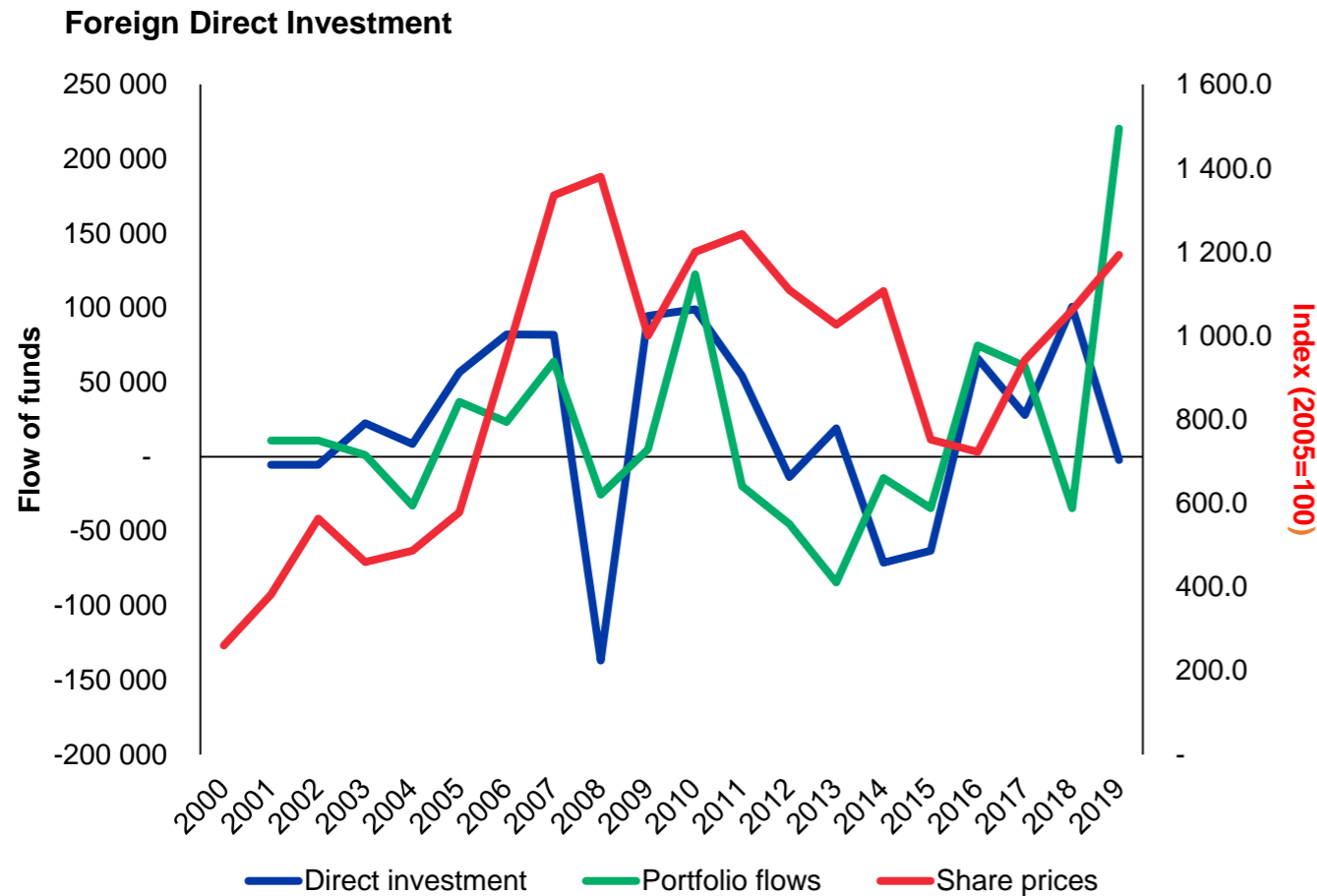


Sources: Quarterly Employment Survey, Statistics South Africa, Minerals Council South Africa

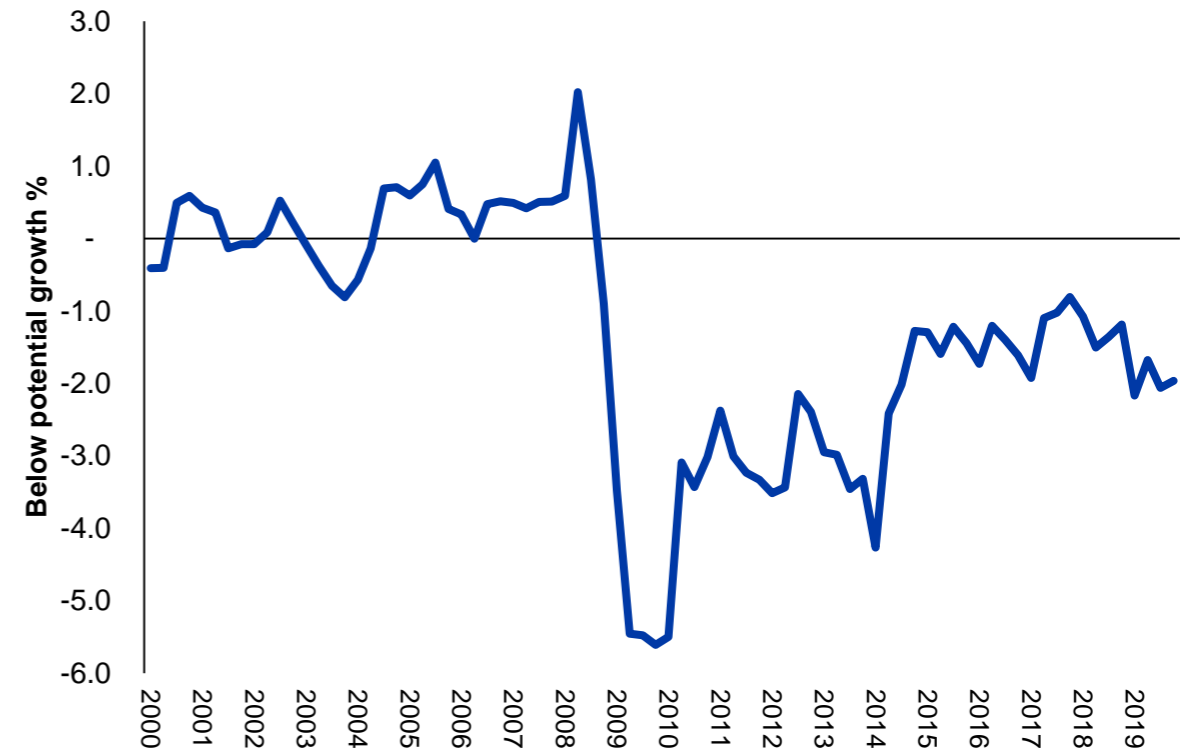
IMPENDING SOVEREIGN DEBT CRISIS



SLOWING FOREIGN DIRECT INVESTMENT, AND ECONOMIC GROWTH

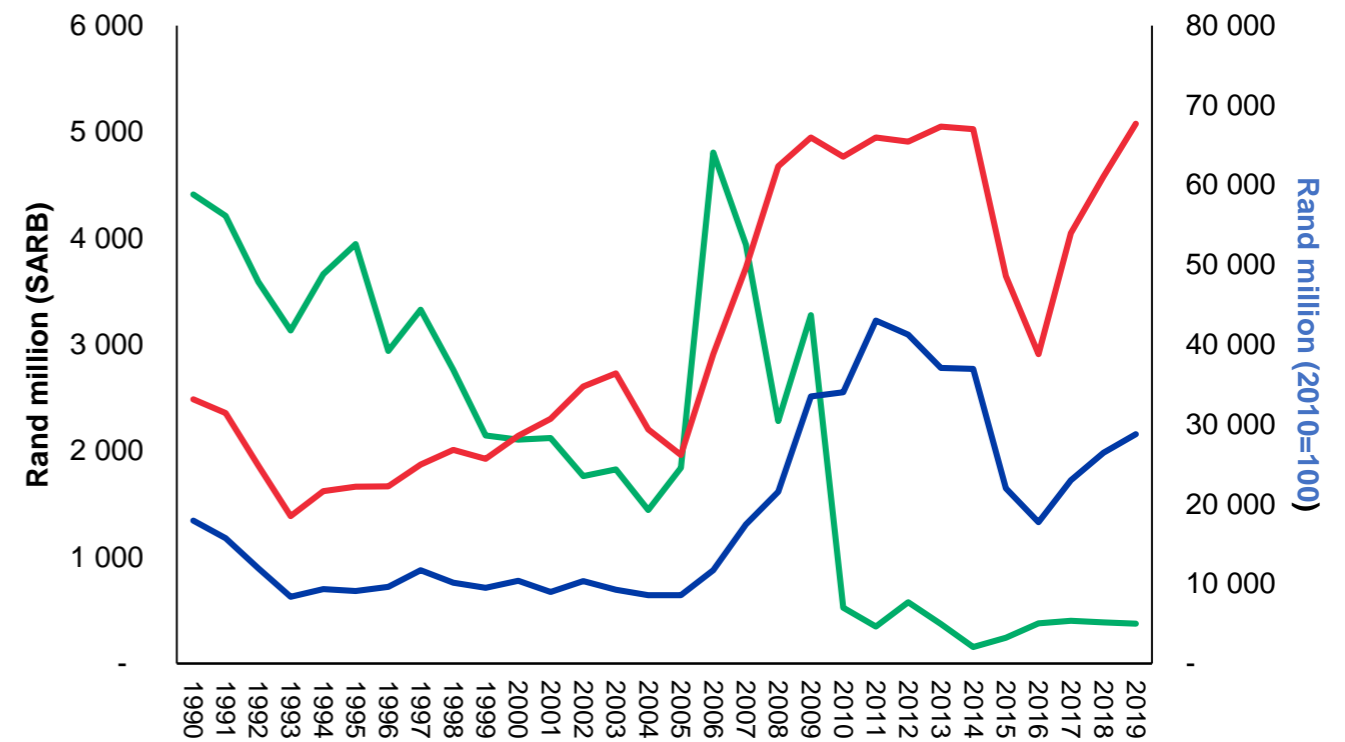
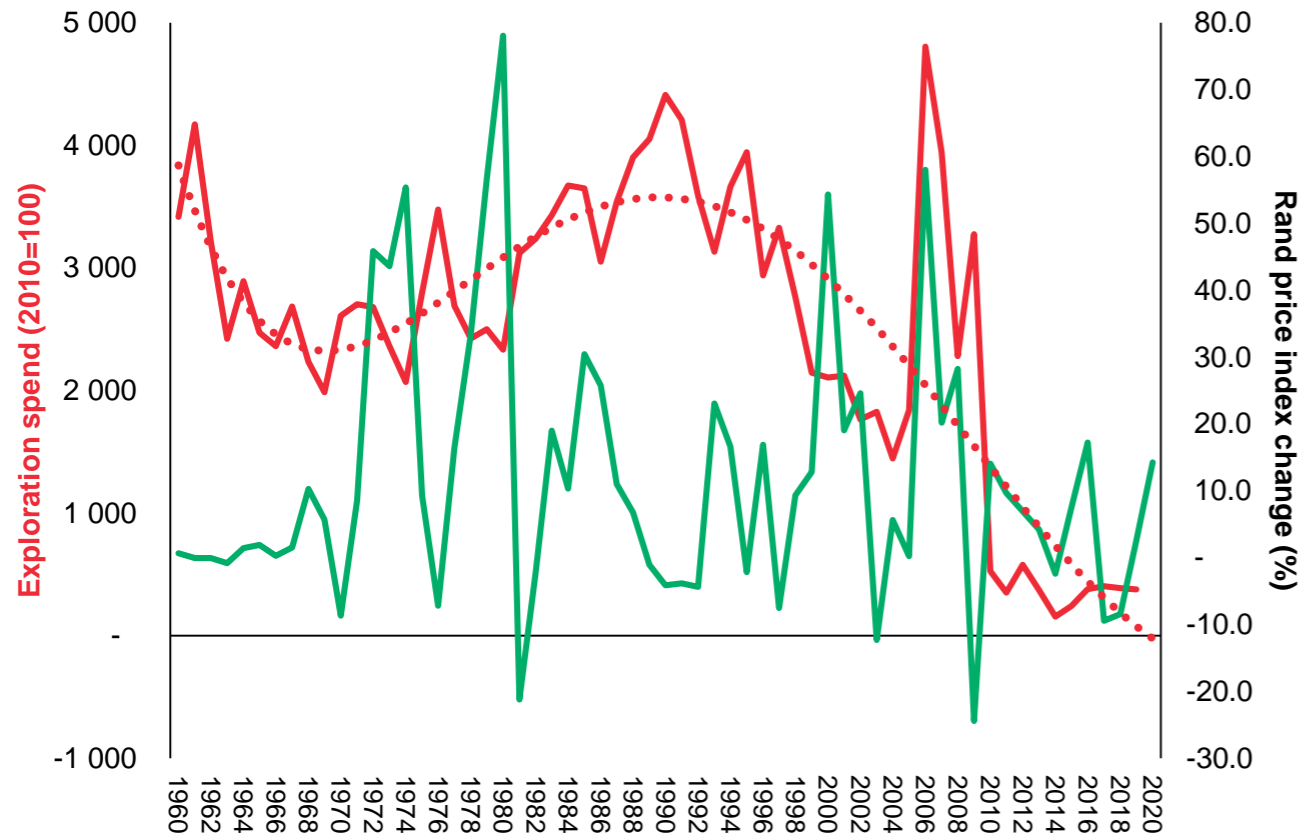


Underperformance of the South African economy



- High level human resources (education)
- Fixed investment in infrastructure
- Productivity
- Manufacturing capacity utilisation
- Financial cycle (debt, interest rates)
- Policy certainty

NO GREENFIELDS EXPLORATION



— Exploration spend 2010 = 100 — Construction of mines 2010 = 100
— GFCF 2010 = 100

EXPLORATION NEEDED



Exploration dollars attracted per annum, between 2000 and 2018:

Canada: ~US\$2 billion

Australia: ~US\$1.8 billion

South Africa: only US\$194 million

In 2019, South Africa accounted for only 1% of global exploration expenditure and of this only 1% is Greenfields exploration.

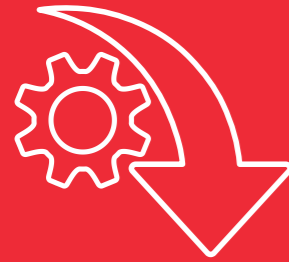
Why?

- Lack of transparency in the permitting system
- Delays in the issuing of permits
- Regulatory uncertainty
- Lack of properly structured tax incentives for individuals/entities to invest into exploration in SA

What we needed?

- A new mining cadastral
- Tax incentives, such as highly successful flow through share model pioneered in Canada and used in a modified way in Australia
- To provide all the relevant geological and high-level geophysical information online, in high resolution to attract the junior explorers and major mining companies
- A 'one-stop-shop' application process to streamline application processes and a system of granting prospecting rights based primarily on the merits of the proposal

MODERNISATION



Over last decade
mining productivity
decreased
by 7.6%



Costs
rose by 2-3%
in real terms



Two-thirds of SA's
mining output in
upper half
of global mining
cost curve



People-centred 4IR

Focus not only on
technology but on
work culture, upskilling
and reskilling

4IR creates new, better
paid, safer, healthier,
and more fulfilling jobs

4IR technologies to enable a more modern mining sector

FOCUS ON VACCINATIONS, NOT VACCINES



Our **collective priority and responsibility** as a nation is to get as many 'jabs-in-arms' as possible, as quickly as possible, to save lives and livelihoods



- Business has offered its support to government in distributing vaccines to mining employees and mining communities, in line with the clinically established national priorities
- Collaboration with DoH, DMRE and unions
- Extensive communications plan to educate and inform, and deal with misinformation and fear

At least 28 million people
(65% of population >15 years)
to achieve herd immunity

Mining industry can vaccinate
60,000-80,000 people a day

**Aim to vaccinate around
3 million people in 60 days**

Cost of distribution to
industry of around
R300 million

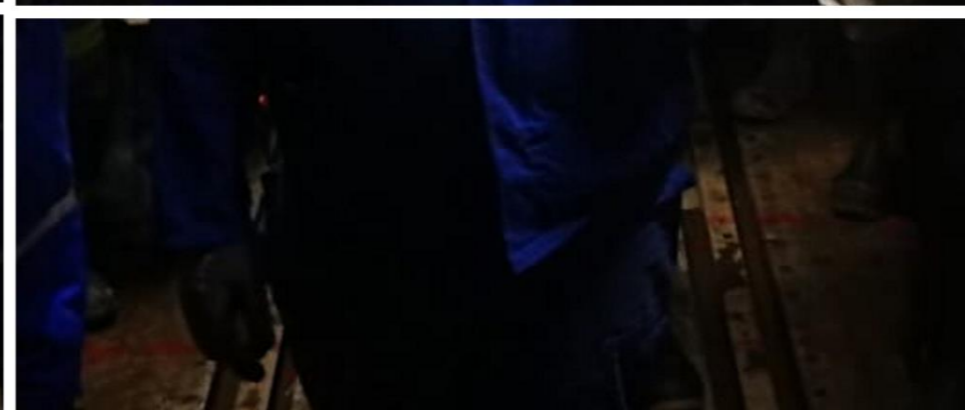
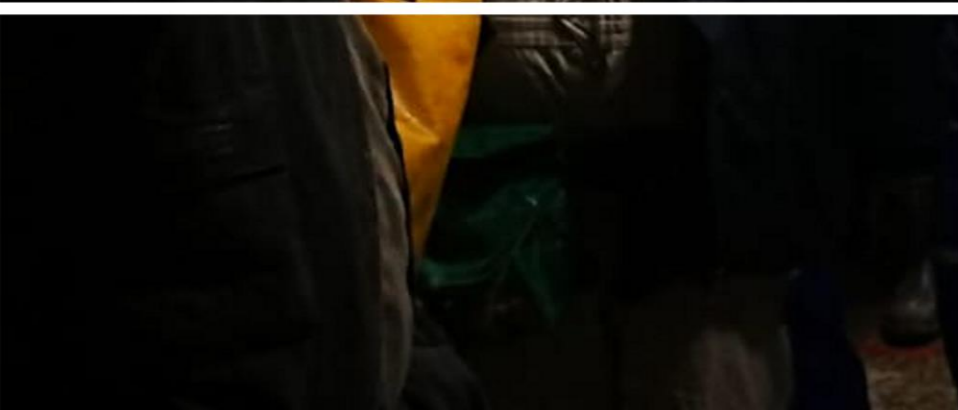
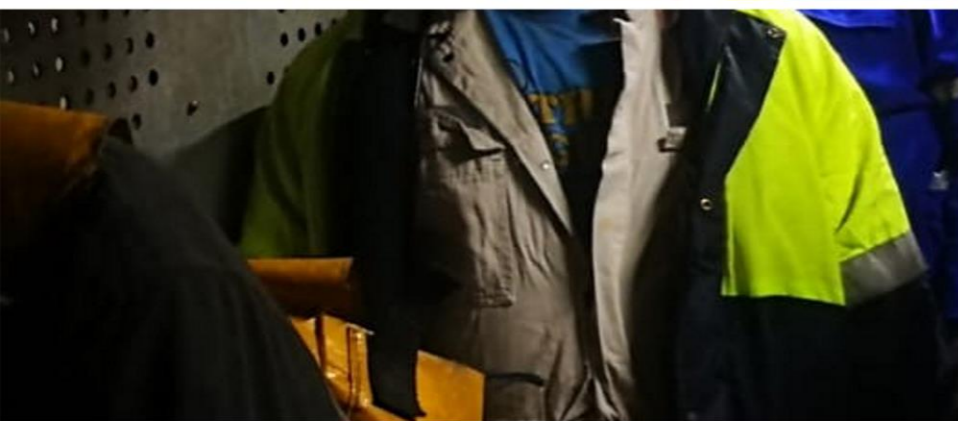
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