THE MINING PULSE

ISSUE 2 | TUESDAY 6 FEBRUARY 2024

INVESTING IN AFRICAN MINING INDABA

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1994-2024

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Ministerial Symposium '24 – Constructive conversations deliver tangible outcomes, and opportunity for change

LAURA CORNISH
Head of Content, Mining Indaba

This year's Ministerial Symposium, hosted by Investing in Africa Mining Indaba took a new approach – aimed at supporting the theme of positive disruption.

With over 60 ministers represented in the room, gathering together with key influences in the mining private sector, the conversation was structured and delivered in a different format.

With three themes identified as some of Africa's greatest inhibitors to growth, acknowledgements were made of the challenges the continent faces and solutions explored to address these. With tangible deliverables, the Ministerial Symposium will now become the platform to monitor the progress made in relation to these challenges as gatherings will continue post the event and feedback into progress updates in 2025.

The three themes included limited exploration spend and investment, reducing minerals right issuing backlogs and unpacking how to exploit Africa's critical minerals abundance.

The solutions presented around critical minerals included Africa's need to understand its geology and identify its mineral endowment – which will encourage exploration as a natural consequence. Critical centres of excellence was suggested as an additional solution.

Turning to mineral rights, the room acknowledged that there are indeed challenges – starting with the removal of corruption, and the need to remove bureaucracy and red tape. Administration processes need to be improved and disparity around agencies involved in issuing rights should be streamlined.

Increasing exploration lies at the heart of all challenges and in fact requires the most urgent attention considering a mine can take a decade or more to build from the moment a potential project is identified. The region must think with longer-term strategies in mind. Cadastral systems with provide accurate data, and together with clear policies will start to resolve the lack of exploration across the continent.

"No problem in mining was solved overnight, but putting problems on the table in a meaningful way that constructive conversations can be had, is the starting point to changing and improving industry challenges. This is what the Ministerial Symposium this year has done," says Laura Cornish, Head of Content for Mining Indaba.

"In 2024 we've now set the scene from change. Stakeholders will leave Cape Town having a better understanding of priorities that need to be recognised in order that solutions can be strategised and implemented in relation to the three key areas identified for discussion. And when we gather in 2025 – we will for the first time explore just how effective change has been made in delivering on promises made in the room."

"Our purpose at the Ministerial Symposium has never been so valuable in helping our industry embrace change to overcome challenges."

TODAYS AGENDA
TUESDAY 6 FEBRUARY, 2024

DISRUPTIVE DISCUSSIONS
Disruptors Stage

09:15 - 10:00
Partners for prosperity: the future of democracy, good governance and responsible mining in Africa

10:00 - 10:20
Voices Of Disruption – Eurasian Resources Group

10:20 - 10:40
Voices Of Disruption – Perseus

10:40 - 11:00
Voices Of Disruption: B2Gold

11:00 - 11:20
Voices Of Disruption: Special Guests

11:20 - 11:50
Disruptive Debate: Who should pick up the logistics tab? Government or industry?

11:50 - 12:30
Nature positive mining – an oxymoron?

12:30 - 13:15
The Silent 'C' - Communities! Are they truly part of the net-zero mining discussion?

14:00 - 14:20
Voices Of Disruption – Endiama

14:20 - 14:40
Voices Of Disruption – Minerals Council South Africa

14:40 - 15:40
Disruptive Discussion – African Development Bank: Empowering African mining in an era of disruption: The role of development finance and support organisations

15:40 - 16:25
What does a successful business relationship between car manufacturers and African miners look like?

16:25 - 17:15
Breaking ground: How positive disruptions are setting a new course for artisanal and small-scale mining development

INTERGOVERNMENTAL SUMMIT
Governments Stage

09:00 - 09:05
Welcome address

09:05 - 09:45
Enhancing local value – developing Africa's infrastructure to advance the mineral chain

09:45 - 10:05
The subcontracting law in DRC Congo and the development of local content

10:05 - 11:40
Country Showcase – Angola: mineral potential and business opportunities for investors

11:40 - 11:50
Ministerial Address – India

MINING INNOVATION AND RESEARCH BATTLEFIELD
Innovators Stage, Exhibition Floor

INNOVATION & RESEARCH BATTLEFIELD

New Leaders. Fresh Ideas. Real-world Impact

The return of the Mining Innovation and Research Battlefield will empower new leaders and uplift fresh ideas in African mining, promoting cross-sector collaboration for catalyzing and achieving real-world impact in the industry. Position your country as a key investment jurisdiction during the Country Showcases.

In partnership with

DEVELOPMENT PARTNER INSTITUTE

11:50 - 12:30
Mining for energy – can Africa seize the green moment?

Governments Stage 1

13:30 - 14:10
Developing a fruitful and inclusive labour sector - policies, politics and possibilities

14:10 - 14:50
Three Strike Rule- Can mining policies equally benefit citizens, the environment and the energy transition?

14:50 - 15:30
Pan African investment – developing projects through local financing

15:30 - 16:10
Disrupting Tax Systems - New Win-Win Approaches to Spur Mining Sector Investment and Employment

16:10 - 16:50
Positioning Africa to succeed in diversifying global value chains

Governments Stage 2

11:00 - 12:30
Country Showcase - Sierra Leone

14:00 - 15:30
Cote d'Ivoire National Showcase

15:30 - 17:00
Country Showcase – Burkina Faso

Governments Stage 3

09:30 - 11:00
Turning investment inhibitors into opportunities to strengthen investment partnerships, establish closer collaboration through the supply chain and influence consumers.

14:00 - 15:00
Responsible Mining in a Resource-Hungry World: What Does it Mean for Africa?

INDUSTRY INTEL
Insiders Stage

09:00 - 10:00
The Mining Innovation and Research Battlefield

10:00 - 12:00
African Legal Support Facility (ALSF): "Mineral Taxation Toolkit"

12:00 - 13:00
Global Investor Commission on Mining 2030

14:00 - 15:00
Simandou Case study

SUSTAINABILITY SERIES
Stewards Stage

10:00 - 10:10
Sustainability Series Welcome

10:10 - 10:55
Tackling sustainability amongst a geopolitically divided world

10:55 - 11:40
The Just Energy Transition: What does it mean to be just?

11:40 - 12:10
Securing Critical Minerals: How to Access Land and Manage

13:00 - 13:45
Securing a future for West Africa: How artisanal and small-scale mining can be part of the solution

13:45 - 14:30
Breaking the Taboo: a genuine conversation about tackling corruption risks in an increasingly competitive environment

14:30 - 15:15
Are Mining Sustainability Standards Fit For Purpose?

RESPONSIBLE RESOURCING AWARDS
Innovators Stage, Exhibition Floor

RESPONSIBLE RESOURCING AWARDS

Acknowledging Junior Miners' Sustainable Initiatives
Mining Indaba introduced the Junior ESG Awards two years ago to honour junior mining companies for their sustainable development initiatives. The Responsible Resourcing Awards, rebranded, continues to celebrate and recognise these companies for their efforts in reducing carbon emissions, improving access to clean water, and promoting sustainable economic development in their regions.

Sponsored by
ONYEN ESG Reporting Software

15:15 - 15:35
The Investor View: From Rhetoric to Practice – Operationalising ESG Standards in Africa

15:35 - 16:20
Professionalising Artisanal Mining – Ensuring no Man, or Women, is Left Behind

TECH AND INNOVATION HUB
Innovators Stage

10:00 - 10:45
Technology and Supply Chain Transparency

10:45 - 11:05
Tech in Action - Reserved for Council for Geoscience

11:05 - 12:05
Reserved for JOGMEC

12:05 - 12:25
Tech in Action - Building BHP Xplor: A Hitchhikers guide to the Exploration Galaxy

13:00 - 13:45
The human side of technology: Is humanity or technology the problem?

13:45 - 14:30
The role of batteries in the green transition and implications for mining in Africa

14:30 - 15:15
Automation and the African Context

15:15 - 15:35
Tech In Action - Optimising Operations from Pit to Port

15:35 - 16:20
How can academia & research and development organizations keep up with the exponential technology progress in the mining sector, and what is their contribution in supporting this change?

InfraTech Auditorium

15:15 - 15:35
Optimising Operations from Pit to Port

INVESTMENT SERIES
Pioneers Stage

11:00 - 11:10
Welcome Address

11:10 - 11:50
Investment roundtables - Spotlighting commodity trends

11:50 - 12:20
Commodity Summary & Feedback Session

12:20 - 13:00
Aligning the planets to tackle the African funding shortfall

14:00 - 14:40
Putting your Best Foot Forward: Is M&A the key to sustainable growth?

14:40 - 15:20
Unlocking Africa's true value: De-risking mining investment

15:20 - 16:00
Financing Africa's developing infrastructure for future returns

16:00 - 16:10
MC Closing Remarks

THE SOCIAL AGENDA

Gala Dinner
Tuesday 6 February
Strictly invite only
Hosted by AngloAmerican

Investor Networking Lunch
Daily at The MINE
Open to Investors and Mining Companies Executives

Networking Drinks
Tuesday 6 - Wednesday 7 February
Open to all delegates

MITV

DISRUPTIVE DISCUSSIONS THAT DEFINE THE FUTURE

Launched during Mining Indaba 2024, MITV is your go-to platform for disruptive discussions that signifies the industry's commitment to embracing innovation and driving positive change for the future of mining.

Joseph Starwood, Worldwide Mining Industry Leader, Microsoft

" The mining industry has been innovative for many years, as evidenced by automated reel roads, electric vehicles, and hybrids. However, the most recent survey found that the mining industry lags 40% behind its peers in the digital majority space. Microsoft and its ecosystem of partners are assisting its mining clients in closing the gap between digital effectiveness and digital majority"

Rohitesh Dhawan, President and CEO, ICMM

"A nature-positive future mining industry can be done if we can demonstrate where we mine that nature won't be worse off because we were there. The world has acknowledged that the biodiversity framework is required to halt and reverse the loss of nature; a million species are at risk of extinction"

READY TO EXPLORE THE FUTURE OF MINING?

Visit **miningindaba.com/MITV** to access a wealth of interviews and discussions that will shape your understanding of the industry. Subscribe to our YouTube channel **@MiningIndabaTV** to stay updated on the latest content from MITV.

Zambia: Dedicated to positioning the mining sector for future growth

TARREN BOLTON
Mining Review Africa

Speaking at the opening ceremony at this year's Investing in African Mining Indaba, Zambian president, Hakainde Hichilema, delved into the future of mining in Zambia, outlining plans to expand copper production and position the country as a major player in the global mining industry.

"This year, Zambia comes to you with a new message: Invest with confidence and power the future. We reiterate our government's commitment to making Zambia a reliable investment partner of choice on the African continent," said Hichilema.

Hichilema said that as per a commitment made during the 2022 Mining Indaba, Zambia has made substantial progress in resolving legacy issues. "We express our gratitude to International Resources Holding and Vedanta Resources for the combined USD$2.5 billion investment that they've committed to providing in order to fulfill the potential of Zambia's national assets," he said.

Hichilema added, "Government has made some good efforts to support the gemstone sector, and in particular, emeralds, with Zambia becoming the world's largest producer of this precious stock. Therefore, we acknowledge the investment of companies such as Gemfields in a joint venture with our own government and would like to reiterate government's dedication to positioning Zambia's mining sector for future growth."

Zambia is undertaking a national wide geological mapping exercise to provide accurate geodata for exploring new mineral resources or deposits. "We are encouraging diversification through this mineral exploration exercise, so as to confirm resources in lithium, gold, manganese, graphite and diamonds," said Hichilema.

In addition, the Zambian government is working with local and international partners to boost Zambia's energy and transport infrastructure to help support its broad mining ambitions. These projects include Zambia Green Growth companies opening up US$3 billion in private sector and government funding for renewable energy projects across the Copper Belt, and a US$100 million green bond issued to finance solar, wind and other renewable energy projects.

"We've also lined up infrastructure projects like the Zambia-Lobito rail line, and the upgrading of the TAZARA rail line to provide a smoother road to market for mining operations based in our country," said Hichilema.

"We reiterate our message to invest with confidence and power the future of our economies. We extend our call to technology firms to carry out geological mapping finances to fund ambitious projects, and energy companies to boost our infrastructure," concluded Hichilema.

Copper remains a commodity for the future, and Africa has plenty of it

GARETH TREDWAY
Director at Tavistock

At the back end of 2023, expectations of an oversupply of copper in the coming years started to evaporate as a number of events contributed, including the well telegraphed closure of the Cobra Panama mine, to a revision of forecasts by major institutions.

There is no doubt a subdued economy in China is putting a dampener on shorter term demand expectations for most metals, but it is the growth projections in green energy and electric vehicles that is expected by some to see production nearly double within the next three decades.

As one of the largest copper producers Glencore states: "The world needs a significant amount of copper to meet the electrical transport and power resources required to achieve net-zero carbon ambitions by 2050."

Indeed, Citi Bank's Private Wealth 2024 outlook report places copper in its top 10 high conviction list. A list that ranges from equipment makers helping to power generative AI to the normalization of the US yield curve.

The bank points out that as much as 176 pounds of copper go into every electric vehicle (EV), four times the amount used in the typical internal combustion engine car. Even with improved efficiencies, EVs are expected to use 3.8 million metric tons of copper by 2030, nearly triple today's amounts.

"One component where we see high future demand, restrained supply and no substitution is copper. Beyond the impact of near-term economic weakness, Citi Research forecasts copper prices being pushed higher by the relatively low level of investment, but lengthy time required, by the companies sitting atop the world's major copper reserves to bring on new supply," said the Citi report.

The good news in all of this future demand, is that Africa is sitting on some of the largest resources of copper globally. Of course, the Democratic Republic of the Congo (DRC) and Zambia are the two giants in this regard, both ranking in the global top ten list, but many promising jurisdictions have also turned into meaningful producers, including Botswana, historically known for its diamonds.

Stable investment regimes and investments in infrastructure are seen as key factors that would lead to the further exploration, development and growth of Africa's copper resources.

Dr Robert Lisinge, Acting Director of the Private Sector Development and Finance Division at the UN Economic Commission for Africa (ECA) recently referred to African Development Bank estimates that between $130 and $170 billion is needed for infrastructure development every year on the continent and said more private-public partnerships were needed to fill the funding gap.

Much of the copper concentrates produced from the copperbelt, for example, are trucked thousands of miles to refineries and export ports in Tanzania and South Africa, which reduces the competitive of these mining regions on a global basis. Pleasingly, a consortium involving commodity trader Trafigura has invested more than $555 million in a railway project connecting the Angolan port of Lobito 1,300km to Kolwezi, the mining town in the heart of the Democratic Republic of Congo's copper belt.

It is expected to carry 1.7 million tonnes of cargo annually by its fifth year of operation, 3 million tonnes by the 10th year and 5 million tonnes by the 20th year, Trafigura said. In December, Ivanhoe Mines, which owns and operates a major copper mine in the DRC, was the first customer, railing an initial 1,110 tonnes of Kamoa-Kakula's copper concentrate from on December 23, 2023, and it arrived at the port The shipment arrived at the port of Lobito 8 days later on December 31, 2023.

Historically, Kamoa-Kakula has trucked its copper concentrates by road across sub-Saharan Africa to the ports of Durban in South Africa and Dar es Salaam in Tanzania, as well as Beira in Mozambique and Walvis Bay in Namibia. In 2023, approximately 90% of Kamoa-Kakula's concentrates were shipped to international customers from the ports of Durban and Dar es Salaam, where an average round-trip takes between approximately 40 and 50 days. For Africa to claim its rightful place on the copper leaderboard, we need more of the same!

**Tavistock is a leading London based corporate and financial communications consultancy. www.tavistock.co.uk*

Rio Tinto

Simandou iron set to enable the decarbonisation of the steel industry

The economic significance of the steel industry is enormous. According to the World Steel Association, total steel production amounted to 1.9Bt in 2022, which is higher than the combined output of all other metals during the same period. However, the production of steel is a highly energy-intensive process, and is responsible for around 8% of total CO_2 emissions worldwide. The status quo is no longer an option.

As the world's second-largest iron ore producer, **Rio Tinto has committed to partner with the steel industry to help our customers develop solutions to decarbonise their activities.** This is in line with our mission to find better ways of providing the materials the world needs. In 2022, our Scope 3 emissions amounted to 584 million tonnes of CO_2, 94% of which came from the transformation of our products by our customers. The processing of our iron ore accounted for around two thirds of this footprint.

If we can reduce that footprint, we can greatly reduce the impact of sectors that are reliant on steel to create their products, from construction and aerospace to energy and the automotive sector.

Our Simandou mine project, in the heart of Guinea's Eastern forested region, offers us an opportunity to do just that. In fact, the Simandou deposit in Guinea contains one largest known untapped high-grade iron deposits in the world. With its high iron (Fe) content (65%), and minimal impurities, Simandou is an opportunity to decrease the carbon intensity of steel production. **Part of the deposit contains ore that is well suited to less energy-intensive and viable refining technologies,** such as direct reduction (DRI) or electric arc furnaces (EAF). With these innovative technologies, less CO_2 will be emitted during the transformation of iron into steel.

There is no doubt that the Simandou project has everything it takes to position Guinea at the heart of the low carbon transition... **and we are fully committed to making this project a reality.**

Outlook for PGMs in the Hydrogen Economy

JACOB SMITH
Senior PGM Analyst

Hydrogen is increasingly recognized as a key player in the future of PGMs, particularly as we witness a gradual shift away from the internal combustion engine, traditionally the largest demand sector for these metals. However, over the last couple of years, we have not seen the same level of exponential growth in hydrogen technologies that has favoured electric vehicles and their accompanying infrastructure. On top of this, many hydrogen companies underperformed expectations last year. Rising interest rates, increased costs for debt-heavy, expanding hydrogen firms made investing in emerging markets less attractive. Investment in hydrogen projects was also limited while would-be investors awaited key legislative decisions. Additionally, regional labour shortages and other supply chain issues further disrupted the industry.

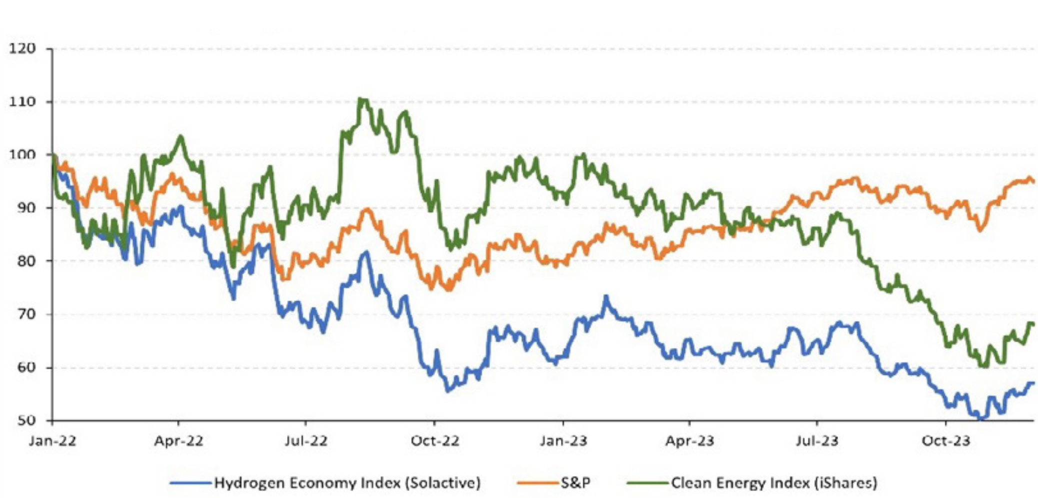
Given these headwinds, is hydrogen still likely to take off and can its PGM requirements help offset some of the long-term decline in PGM autocatalyst demand? Taking the findings from Metals Focus' latest Hydrogen Economy report, we still expect the industry to become increasingly important, at least for platinum, iridium and ruthenium demand. Unfortunately, palladium has limited applications in the sector and, as it stands, rhodium none at all. Proton-exchange membrane (PEM) electrolysers use platinum and iridium (and sometimes ruthenium), stationary and transport fuel cells both use platinum and ruthenium, and liquid organic hydrogen carriers (LOHC) for hydrogen storage use platinum or palladium. Palladium also features in currently-less-developed hydrogen purification technologies. As such, by 2030, we expect hydrogen could make up close to 8% of total platinum demand, while palladium will be just a fraction of one percent.

However, the long-term prospects of the hydrogen economy are heavily reliant on legislation passed today. For this reason, many countries have advanced their national hydrogen strategies in the last few years. These included setting ambitious targets for the industry, announcements of public funding, and creating legislation for industry standards in the production, transportation, storage, use, and trade of hydrogen.

This surge in legislation and funding is a pivotal moment, laying the foundation for the hydrogen industry's expansion. However, it is crucial to recognise that these steps, while necessary, will not immediately catalyse industry growth. The impact of this funding will unfold progressively, as projects are established. For example, the US Inflation Reduction Act (IRA), announced in 2022, included $9.5Bn for the development of the country's hydrogen industry. However, the winners of the hydrogen hub awards (regional hydrogen supply chains making up most of the IRA hydrogen investment) were only selected at the end of last year, with funding set for release from 2024 onwards. These regional hydrogen ecosystems will expand over time and should channel and catalyse industry growth in the US. Likewise, the European Hydrogen Bank only launched its pilot auction at the end of 2023 (after originally being announced in 2022), so tangible industry benefits from the available funding will only begin to be felt going forward. This goes some way to justifying a bullish outlook for hydrogen, despite recent weakness.

Now the required legislation and funding is in place, the industry is prepared for breakout growth. Inexorably, the next couple of years will be key. Hydrogen demand is not only a contributor to platinum and iridium market deficits later in the decade, but it is key for investor sentiment today. However, further downgrades to the industry could weigh heavily on platinum, while emergent, exponential growth could deepen future deficits, boost the metal's investment appeal and alleviate some of the PGM basket price pressure, which will continue to be weighed down by weak palladium and rhodium prices.

Hydrogen Economy Share Price Indexed vs Market Average



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closed between the United States and African nations

$86 billion
estimated in exports and investments

49 countries
where the U.S. Government supported deals to close

Unleashing the true potential of artisanal and small-scale mining

DAVID STURMES
Fair Cobalt Alliance

Who hasn't seen photos of overcrowded mines with people digging for gold or cobalt with less more than a pick axe and a shovel, shaky cell phone videos of frightened men escaping collapsing mines, or footage of children risking their lives in artisanal mine sites to make a living? And yet, having visited dozens of artisanal mine sites myself, ASM remains a net positive despite its many challenges, holding unfathomable potential to serve as a driver of socio-economic development. Let me unpack that.

Fact is: ASM is here to stay. Across geographies and minerals, 50+ million people are estimated to work directly in the artisanal mining sector, with more than 200 million relying indirectly on the sector to make a living. Across Africa, ASM stands as the second-largest livelihood source after agriculture. It is poised to grow further, especially as climate change strains agricultural output and the demand for (critical) minerals continues to rise. Responsible for approximately 20% of global mined gold production, 5-10% of cobalt production, and upwards of 80% of all the coloured gems that make it to the market, to name just a few different minerals, artisanal mining is also a true market force.

Yet, informality, hazardous mine conditions, poor health and safety standards, and frequent occurrence of child labour, along with environmental concerns, such as the unregulated use of mercury in gold mining, have tainted the reputation of the artisanal mining sector.

Meanwhile, a wave of due diligence legislation across the EU and the US mandates companies to map their supply chains, identify and manage risks, and publicly report on their efforts. The knee-jerk reaction by companies across mineral supply chains seeking to comply to avoid costly penalties has too often been to try to disengage from supply chains in which ASM has been found to avoid having to address the challenges associated with this predominantly informal sector.

But could we be looking at ASM from the wrong angle? To reduce risk to local workers, remediate child labour, and ensure responsible production practices, we need to engage, not shy away. Unlocking the sector's full socio-economic potential requires the introduction of ASM-inclusive mining legislation, formalising and professionalising mining practices on site, and, most importantly, market acceptance of responsibly produced ASM material by downstream actors.

Nobody says this will be easy, but the cost of inaction is simply to high to continue to delay urgent and decisive action. The complexity of the ASM sector necessitates innovative approaches, building on blended finance investment strategies and multi-stakeholder collaboration involving development agencies, local civil society, institutional donors, national governments and financial actors, as well as the private sector.

For years, there has been a lot of talk about the need to formalise ASM. It's time to walk the walk. So, in line with the theme of this year's Mining Indaba event, "Embracing the power of positive disruption: A bold new future for African mining," let's reframe ASM as a potential force for good, a driver of socio-economic development and an untapped source of responsibly produced minerals if supported. Instead of fearing or avoiding association with the sector, it's time to recognise the grit, perseverance, and resilience displayed by artisanal miners on a daily basis. Through this lens, the African continent can usher in a new era where artisanal miners operate legally, under safe and dignified conditions, in harmony with industrial miners.

A picture says more than a thousand words. With the photos accompanying this article and the photo wall at the entrance to the MI24 Sustainability Stage, me and my colleagues at The Impact Facility, a proud co-founder of the Fair Cobalt Alliance, aim to show that behind the statistics and risk metrics usually used to describe ASM activities are women and men that pride themselves in their work, quietly helping to quench the global thirst for minerals. Most consider themselves as neither villains nor victims. We'd like to consider them unsung heroes of the extractives sector.

BHP

Discovering the future

We're focused on the resources the world needs to decarbonize and grow sustainably.

Initial signs that energy sector is stabilising; logistics to take longer – Minerals Council

IRMA VENTER
Mining Weekly

The domestic mining industry is looking at 2024 as a year of stabilisation, rather than growth, says Minerals Council South Africa CEO Mzila Mthenjane.

The industry continues to face persistent challenges such as loadshedding, an ailing logistics sector, and a declining commodity market.

Mthenjane spoke at a Minerals Council media briefing, held on Monday morning ahead of the Investing in African Mining Indaba 2024 in Cape Town.

Council data, released on Monday, shows that the mining industry's contribution to South Africa's gross domestic product declined to 6.2% in 2023, down from 7.3% in 2022.

Total primary sales dropped from R883.5-billion in 2022, to R786.2-billion last year. Overall, mining input costs in South Africa increased by 8.6% year-on-year in 2023 – well above inflation – softening from 13.8% in 2022.

Minerals Council chief economist Hugo Pienaar noted that there were some "very small, initial green shoots" visible in terms of Eskom energy supply as 2024 kicked into gear.

"Let's hope it continues."

Pienaar was hopeful that the next 12 to 18 months could see an improvement in both the frequency and severity of loadshedding.

He warned, however, that seeing an uptick in the logistics system would take longer.

Pienaar said the Council was seeking the rapid appointment of permanents CEOs in all Transnet executive positions, and for the permanent infrastructure manager to be announced as soon as possible.

"This will be the vehicle through which the concessioning of private sector involvement on rail is likely to be driven.

"In a very optimistic scenario this manager is probably up and running by April, May, and then the concessioning needs to start."

Pienaar also emphasised that Transnet would need funding support from national government, and that such support should be announced in Budget 2024.

"Transnet's turnaround plan cannot work if there are no funds from national government."

Jobs in Jeopardy

Minerals Council president Nolitha Fakude said the mining industry was being "severely and negatively affected by the crisis in energy, logistics and crime".

She noted that crime and corruption remained a pervasive challenge for the industry, in terms of not only personal safety for the mining sector's employees, but also around the issue of illegal mining.

"If these three areas are not driven in a very focused manner by government, business and other stakeholders, it is going to be very difficult to stabilise the economic environment that we need to unlock job opportunities, but more importantly, protect current jobs."

She noted that a failure to address these challenges would be "disastrous", not only for the mining sector, but for the economy as a whole.

Fakude added that the mining industry paid R186.5-billioin in wages in 2023, up from R174.2-billion in 2022. Employment also rose slightly, to 477 000 people, up from 469 353 in 2022.

As for the rollout of a long-awaited electronic mining cadastre, Pienaar said the Council was awaiting more detail on government's announcement last week of the preferred bidder to design and implement a functioning cadastre for South Africa.

"Timelines would be useful. At best, it would be implemented in 2025."

Pienaar noted that the rollout of the cadastre could be a game changer for exploration spending in the country.

A minerals cadastre lists available mining or prospecting rights, properties currently under a mining or prospecting right, and the expiry of currently held rights and the ownership of these rights.

It allows companies to apply for exploration, prospecting, mining and related rights, and for the regulator to process such applications.

Looking ahead, Pienaar said an easing in global inflation could see a softening in interest rates in the second half of 2024, which could see economic conditions improve in 2025.

Into the deep end for Gold Fields CEO Mike Fraser

DAVID MCKAY
Miningmx

IN-TRAYS don't get much fuller than Mike Fraser's, the new CEO of Gold Fields. An incomplete gold project in Chile, an incomplete joint venture in Ghana, a brand new executive committee, and a work culture described in a recent self-appointed study as "bullying" to women and minorities.

The mining firm had been under the watch of interim CEO Martin Preece for a year. Some analysts sympathise with Preece he wasn't given the job full time – which he wanted – but the reality of caretaker managers is the company loses strategic direction eventually. Perhaps Preece's candidacy suffered during the extended period Gold Fields sought a replacement to Chris Griffith, its last 'full time' CEO.

But if Gold Fields has been drifting, it is doing so with currents definitely in its favour. The share has strongly outperformed all-comers in its sector. On a 52 week basis, the stock is 19% higher compared to losses for its closest rival AngloGold (-13%), and North American powerhouses Barrick (-9%) and Newmont, down an astonishing 29%.

What to credit the relatively strong rating that Fraser now inherits? Newmont gives some insight. In October, the US firm concluded the $17bn purchase of Newcrest, an Australian gold miner, consolidating its position as the world's largest gold miner. The classic criticism, however is whether M&A makes money. "It's a question of 'monkey-see, monkey-do'," John Hathaway, a portfolio manager at Sprott Asset Management said at the time about sector consolidation. Investment managers get "all lathered up" and CEOs follow suit.

Gold Fields suffered is own dose of deal fever under Griffith. He led Gold Fields into a $7bn bid for Yamana Gold. Shareholders never got to vote as Gold Fields was outbid before the meeting, but they weren't in favour. Shares in Gold Fields plummeted in 2022 much as Newmont's has done.

Fraser acknowledges in an interview with the FM there's still some overhang in Gold Fields shares from the "ambitious" Yamana bid with investors asking "a lot of questions" of what he plans to do. "In order to remain competitive we have to efficiently replace existing resources. That may come through M&A but it will also be through greenfields and brownfields exploration or operating our mines more efficiently. The likelihood is it will be a combination," he says.

Fraser, an accountant, was previously country manager for South32's African and South American mines which came with baggage and a lot of local pressure. Between 2020 and 2021 Fraser managed the divestment of South32's thermal coal assets to Seriti Resources – a transaction that required the National Treasury to grease the wheels, as it were. It agreed to an increase in a South32 coal sales agreement to Eskom's Duvha power station in order to make Seriti's acquisition economic. So although some gold analysts claim not to know Fraser very well, he's no greenhorn.

"The company's valuation is pretty full on our numbers," says Georges Lequime, a portfolio manager at Amati Strategic Metals Fund. He says Fraser has got some decisions to make about a raft of issues including whether to shut the firm's ageing Ghana assets and how to calm shareholder nerves about Salares Norte.

On December 28, the company ordered a review of the project amid a second slippage in a year in its production schedule. The project would now produce about 100,000 ounces less gold than planned this year, Gold Fields said. Apart from the revenue loss there was also a 17% increase in the project's capital expenditure to just $1.04bn. Fraser won't say whether Gold Fields' budget for 2024 has been materially upset by the delay at Salares Norte.

But on the issue of the project's "review", Fraser tells the FM his firm was "short hand" in December when it should "have been turned into long hand" in its announcement. The fact of the matter is that Gold Fields has contracted third party help to put in a plan correcting sequencing the final "pieces of work" to commissioning. A year-end shortage in labour didn't help it, Fraser says. "The bit that is disappointing is that we have surprised the market and any surprises are not good things. We will get better at that. We will do debrief when its complete," he says.

A joint venture agreement with AngloGold to merge its Iduapriem mine with Gold Fields' Tarkwa in Ghana is another potential problem. The deal is yet to be concluded because the Ghana government hasn't agreed to it. There's much at stake. If completed, the joint venture will yield an average 600,000 oz/year in production while flattening costs and building more growth either mine could economically manage.

The shareholding agreement, however requires the support of Ghana. Amid sovereign debt worries, restricting the Ghanaians to a 10% stake was always going to be problematic. "We really need to move it on. But what is a little bit difficult is that it's an election year in Ghana and as you get closer to that decisions become politicised and people get more reluctant," says Fraser. "We will continue to progress it with the government. I think there is general support for it, but it's how to get an agreement that makes sense and is equitable for everyone."

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HAKAINDE HICHILEMA, PRESIDENT OF ZAMBIA

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