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Gold has continued to gain in value this year, confounding the doubters. The question now is whether the metal is due a major correction. Not so, claim some who say the drivers behind the metal's rise are intact, writes **DAVID MCKAY**

EXPENSIVE to hold and non-yielding, and yet a unique combination of economic and geopolitical forces has propelled gold to second in the ranks of the world's most important monetary reserves.

That's according to European Central Bank data that says bullion accounted for 20% of global official reserves last year, second only to the US dollar at 46%, and exceeding the euro (16%).

Gold's seemingly inexorable rise has continued this year.

By the end of June, gold was one of the top-performing major asset classes, rising 26% over the period, according to the World Gold Council's interim report, published in July. The metal also recorded 26 new all-time price highs during the period, having registered 40 new price highs last year. Given the rate of improvement in the

metal's price, the question is whether more gains are possible, or whether the current elevated gold price is here to stay.

Naturally, views on the topic are wide and varied (and probably doomed, as a history of gold price forecasting tends to show). Overwhelmingly, analysts agree that the factors that drove the metal's price gains are likely to stay. These characteristics are a weaker US dollar, range-bound yields with an expectation of rate cuts by the Federal Reserve, possibly in the fourth quarter, as well as heightened geopolitical tensions – some of which are directly linked to US trade policy.

Central bank purchases of gold are also likely to continue, says Andries Rossouw, Africa energy, utilities and resource leader for PwC. "Gold is probably going to stay strong for some time still until we get a bit more peace in the world, or until various

countries decide there's an alternative to investing in gold in a risk-off position."

"We are seeing a substantial increase in geopolitical stress and conflict and it is not clear that this will reduce in the short term," says Andrew van Zyl, MD of SRK Consulting in South Africa.

This is already having spinoffs across the metals spectrum, says Van Zyl in what he terms "a constant struggle to create resilience". Increased geopolitical tension and disruption to trade flows will "lead regions and countries to become more self-sufficient", resulting in additional mining, processing and power generation, he says.

Central bank purchases of the metal have also filtered down to the institutional and retail sectors, as demonstrated in the trade flows of exchange traded funds (ETFs). By the end of June, global gold ETFs had increased 41% year-on-year (y/y) to \$383bn.

Total holdings rose 397 tons to 3,616t, the highest month-end level since August 2022. Jewellery purchases have also increased.

Improved demand for gold has not only vastly improved the revenues of the metal's miners but also changed the outlook of the people who run them. In general, gold company CEOs have become expansive in their attitude to production by advancing projects.

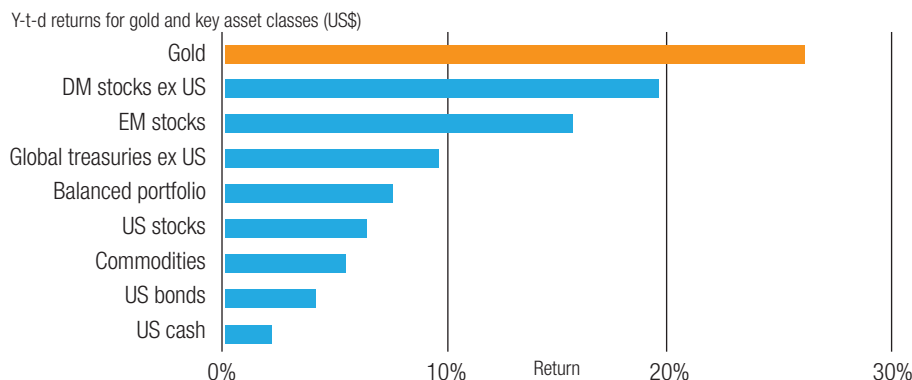
Total mined gold production rose 0.6% y/y to 3,661t in 2024, reaching an all-time high, underpinned by growth in Mexico, Canada and Ghana, said Metals Focus, a UK-based market research company in a recent report. For this year, it forecasts gold mine output rising by 1% to a fresh record high of 3,694t as new mines come onstream.

Dealmaking in the gold sector was already a feature of 2023 and 2024. Of about 90 major mining deals last year, 60 were just in gold, with a value of nearly \$20bn or two-thirds the value of all mining sector deals, according to a report by S&P Global. The gold deals, totalling \$19.31bn, predominantly involved production-stage mining properties in Australia and Canada. That trend has so far continued this year.

AngloGold Ashanti announced a \$111m offer for Augusta Gold, a Toronto-listed business that owns gold-bearing tenements in Nevada's Beatty District. That was small beer compared to the \$3.7bn Royal Gold agreed to pay for Toronto's Sandstorm Gold and Horizon Copper. CMOC, a Chinese company, successfully bid \$581m for Lumina Gold in April while Australian gold miner Ramelius Resources announced the \$1.5bn takeover of Spartan Resources in March. Gold Fields is hoping investors approve its proposed A\$3.7bn takeover of Gold Road Resources in the third quarter.

'We are seeing a substantial increase in geopolitical stress and conflict and it is not clear that this will reduce in the short term'
– Andrew van Zyl, SRK Consulting

Gold has outperformed all major asset classes in 2025



Source: World Gold Council

Commenting on where gold could lead the market this year, Philip Newman, MD of Metals Focus, said in the firm's recent interim review that bullion would "break new ground in 2025". He added: "Macroeconomic uncertainty and elevated geopolitical risks are likely to sustain investor interest. "While volatility and corrections are inevitable given speculative activity, we anticipate that dips will be bought, reinforcing an upward trend."

Metals Focus forecasts a record average price of \$3,210 – a level that would finally surpass the real-terms peak from 1980.

"Consensus expectations suggest a relatively steady finish for gold with moderate

upside potential if macro conditions hold," said the World Gold Council in its outlook. It added, however, that purchases of the metal by Chinese insurance companies, now enabled by local legislation to participate in the market, could be transformative to demand, and the price. A "more volatile geopolitical and geoeconomic scenario" could send gold "significantly" higher were there stagflation – slow or no growth and rising prices – the council said.

Nedbank Securities analyst Arnold van Graan has forecast \$3,200/oz average for gold this year, falling to \$3,000/oz in 2026 until a long-term retreat to \$2,500/oz. While this sounds like one of the more conservative predictions, he is aware of gold's ability to surprise. "We believe there is a high probability that gold could test against \$3,500/oz again and may even make a run for \$4,000/oz," he says.

Perhaps the final word is due to the most philosophical. "Uncertainty is still the only certainty," say Investec Securities analysts Nkateko Mathonsi, Peter Richardson and Ntebogang Segone in a recent report.

Commenting on a "bewildering array" of economic conditions, of which just one is the uncertain direction of tariff-setting by US President Donald Trump, "gold continues to be our preferred investment metal", the bank said. "The continued attraction of gold as a diversifying asset for central banks, including the PBOC (People's Bank of China) and the Bank of India, and its attraction as a long-term store of value in an increasingly polarised geopolitical environment remains very relevant," it said.



Becoming a critical minerals hub begins at the deposits

BY CHARLOTTE MATHEWS

SOUTH Africa has the critical minerals that the US needs to industrialise, including rare earth minerals, President Cyril Ramaphosa told President Donald Trump in their meeting in May.

But having the deposits is only the beginning. It takes a lot more to make those deposits investible.

Critical minerals are those that are essential for modern technology, from computers to aerospace, renewable energy and transport. Each country has its own list: South Africa ranks platinum, manganese, iron ore, chrome ore and, controversially, coal as the most critical in its recently released Critical Minerals and Metals Strategy. The US-based Critical Minerals Institute has a list of 21, including PGMs and manganese but also copper, cobalt, lithium, nickel and rare earth elements (REEs).

REEs have been a particular focus of the US because China dominates both mining and midstream processing, which gives it enormous power. "I think every geologist is looking at critical minerals at the moment," junior mining entrepreneur Errol Smart says. "South Africa possesses deposits, but there has been a dearth of exploration into them. We have very interesting rare earth potential, but it takes time to develop these deposits and it all comes back to permitting and licensing and shipment."

Rainbow Rare Earths has proven that it is possible to extract magnet REEs from phosphogypsum contained in dumps at Phalaborwa by producing a mixed rare earth carbonate at its plant at Mintek. Rainbow CEO George Bennett said REEs were not particularly rare. However, it was

rare to find an economically robust project, because these minerals are expensive to bring into production and prices are kept artificially low by the Chinese. Rainbow has an advantage in that it is planning to exploit a surface deposit that has already been chemically cracked, enabling it to produce separated rare earth oxides (REOs) at relatively low cost.

Rainbow has indirect US government backing through its minority shareholder TechMet. It also has direct backing from the US in the form of a funding proposal from the US Development Finance Corporation to invest \$50m into Phalaborwa's development at the project level.

"As a business, you have to look at what the rest of the world needs," Smart said.

"The US might facilitate funding for minerals that it needs

– it has already shown with its investments in the Lobito Corridor and the Democratic Republic of the Congo that it is willing to do so – but when you have government involvement, the issues can go beyond simply economic."

South Africa has two other known REE projects: Zandkopsdrift, which is being developed by Frontier Rare Earths and has been selected by the European Union as one of 13 strategic raw material projects; and the Steenkampskraal Monazite Mine, owned by Steenkampskraal Holdings, Bora

Mining Investments and the Enock Mathebula Foundation.

South Africa's Critical Minerals Strategy proposes a number of measures to accelerate development of its specified minerals, with a particular emphasis on local beneficiation.

To encourage exploration, it proposes addressing regulatory bottlenecks and streamlining licence applications with a one-shop system, adding to the Junior Mining Exploration Fund and considering the adoption of a flow-through shares scheme. Financial incentives should include differentiated electricity tariffs, R&D tax credits, special economic zones and beneficiation hubs that offer tax benefits.

"Preferential power pricing would be welcome, as power is our second-biggest operating cost. We would also welcome fiscal incentives," Bennett said. But he added that moving from primary to midstream production would not be in SA's interests. Making magnets from REOs was highly complex and the midstream was not particularly profitable. Although these magnets are used by the automotive industry, South African

car manufacturers are already sourcing them from China.

Minerals Council South Africa chief economist Hugo Pienaar said the council gave input into the list of South Africa's critical minerals, but did not help to draft the strategy document.

"There is a lot we would support in the strategy, such as corporate tax relief, industrial development zones and

preferential power pricing," Pienaar said. "But what is seemingly lacking is the buy-in from all the stakeholders that would have to make it work. For example, National Treasury would have to approve sectoral incentives and, outside the vehicle sector, has not been supportive of this in the past."

"While we support the emphasis on beneficiation, South Africa also needs to support primary extraction. To the extent that it makes commercial sense to do value addition, we should create a favourable environment for it."



George Bennett, Rainbow Rare Earths



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Trump's critical minerals policies will give TechMet firepower

BY CHARLOTTE MATHEWS

TECHMET'S growth in critical minerals production, processing and marketing is likely to get "bigger and quicker" with the backing of the Trump administration, says TechMet founder and CEO Brian Menell. That's a positive for South Africa be-

cause Menell, the grandson of Anglovaal co-founder Slip Menell, is less likely than most international investors to exclude the country's turbid mining sector from the list of potential TechMet destinations.

TechMet is an investment company valued at over \$1bn that sources developing or producing assets in critical minerals (lithium, nickel, cobalt, vanadium, tin, rare earths and tungsten) and takes either controlling or dominant minority stakes. Its significant investors include the US International Development Finance Corporation and the Qatar Investment Authority, both of which are keen to diversify critical minerals sourcing away from China.

China currently controls around two-thirds of the production or processing of critical minerals such as lithium, graphite, cobalt and nickel, and over 90% of that of rare earth elements (REEs), according to an RBC blog in April 2025, 'The New Great Game: how the race for critical minerals is shaping tech supremacy'. If China were to cut off or hike the prices of these minerals to its buyers, it would wreak havoc with the global aerospace, defence, transport, energy and communications sectors.

President Donald Trump has made critical minerals sourcing an important element of his policies since his first period in office, primarily to accelerate domestic mining and processing. In his first term, Trump signed an executive order defining 35 minerals as essential to national interests. The Biden administration followed

with funding support for domestic critical minerals projects.

In January 2025, Trump signed an executive order declaring that critical minerals shortages threatened US national security, and he established the National Energy Dominance Council to streamline permitting and coordinate and accelerate domestic production. However, as the US is not well-endowed with all the critical minerals it needs, US Secretary of State Marco Rubio has emphasised the need to sign international deals.

"Everything we do is with the mission to build secure, well-governed and competitively priced supply chains for US industry and its allies," Menell told the London Indaba in June. "We have chosen to be China-free, so we have no Chinese investment or counterparties.

"We seek projects that have potential to be low cost and compete with China. This is difficult, as China has become almost unsailable in economies of scale, incumbency and processing technology due to low costs and government subsidies. They are very formidable competitors. We have to focus on innovation, and do things differently, to compete."

OVER THE RAINBOW

Out of TechMet's 10 global investments across seven critical minerals, most are in North America or Europe but several are in developing countries. One is in South Africa (Rainbow Rare Earths), and there is one in



Brian Menell, CEO, TechMet

Rwanda (Trinity Metals) and one in Brazil (Brazilian Nickel). TechMet is also assessing a project in war-torn Ukraine, the Dobra lithium deposit.

Rainbow Rare Earths is developing the first commercial recovery of rare earth elements from phosphogypsum contained in dumps at Phalaborwa, a byproduct of Foskor's multi-year phosphoric acid production. It is busy with test work to improve the economic resilience of the project – which is already considered to be the highest-margin rare earth project in development outside China because it will use material that is already in a chemically cracked form.

Rainbow currently has sufficient funding to complete its definitive feasibility study by the end of this year. At the same time, it has begun an environmental assessment on an even bigger phosphogypsum/REEs project at Uberaba in Brazil, in partnership with The Mosaic Company. “We are happy with progress at Phalaborwa so far, though inevitably there have been delays as Rainbow has been investigating different processes to optimise separation and refining,” Menell says.

“Good work is being done and we are very confident it will be a big, viable project. We are a small shareholder and can become major shareholders when Rainbow is ready to seek further funding.”

He said the Uberaba project looked attractive, but was still at a very early stage.

UKRAINE LITHIUM

In April, the US and Ukraine signed a deal to establish a joint fund to invest in Ukraine's natural resources, including not only rare earths but also oil, natural gas, gold and copper. Future US military assistance to Ukraine will count as the US contribution to that fund. The deal gives the US preferential, but not exclusive, access to Ukraine's mineral resources.

On June 16, the New York Times reported that the Ukraine government had begun drawing up terms for a competitive bidding process over the Dobra lithium project. The project is in central Ukraine, south of Kyiv and well to the west of the areas under Russian control.

Menell said TechMet had been assessing the Dobra project since 2023 and had been working with the Ukraine government

to ensure there was a transparent process over a production sharing agreement.

“We will be participating in the bidding, and we expect there will be other interested parties. Being part-owned by the US government may help us as a result of the formation of the joint US/Ukraine resource fund.”

He said there had been “reasonably extensive exploration work” on Dobra but more work was needed to define its scale and potential.

FUTURE STEPS

Menell said TechMet was supported by, and working with, a number of US funding agencies, and anticipated getting more funding from them for specific projects. “We are not planning to expand our list of seven target metals but will continue to look for opportunities in those sectors.”

He told the London Indaba that TechMet was underweight in Africa, and was willing to invest further in the continent, especially in nickel, where the medium-term outlook was compelling. “We will invest in low-or medium-risk countries where we are comfortable we can assess risks and have relationships,” he told the conference. “We seek governments that recognise that the 20-year



Marco Rubio, US Secretary of State

supply disruption is an opportunity they have to earn by incentivising investment.

“Rwanda has been engaging and enabling although South Africa, where we are preparing to build a project, has quite a lot of historical baggage.”

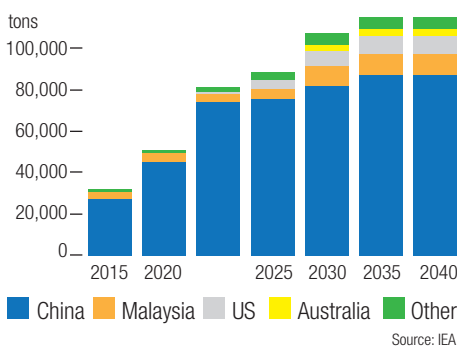
At the Indaba, the South African government launched its own critical minerals strategy which contains, among other aspects, proposals to increase investments in exploration, domestic beneficiation, R&D and skills development. It proposes fiscal incentives, differentiated electricity tariffs and loan guarantees to support domestic processing, and a “one-stop shop” to facilitate licensing and permitting across the relevant government departments.

While the as-yet undefined fiscal incentives, differentiated electricity tariffs and loan guarantees are relatively fresh ideas, many of the others, such as the “one-stop shop”, have been on the cards since Minerals and Energy Minister Gwede Mantashe took office in 2018.

“The critical minerals strategy contains some good ideas that, if executed, would help us and other companies to increase the viability of our projects and make further investments,” Menell says. “Certainly, any resource-rich country that wants to attract investment needs to offer fiscal and regulatory certainty, and an enabling environment with cheap power and affordable labour.”

China is a rare earth heavyweight

Magnet rare earths from operating and announced projects



Despite Trump's antipathy, mining companies will not abandon ESG

BY ED STODDARD



Donald Trump, US president

IN the US, the second administration of President Donald Trump has been dismantling diversity, equity and inclusion policies in the federal government while taking a wrecking ball to environmental regulations and climate initiatives.

Against this political backdrop, there are signs of a growing investor backlash to ESG – environmental, social and governance con-

cerns which have become a defining feature of corporate culture in recent years, notably in the mining sector.

In the first quarter of this year, according to data compiled by investment platform Morningstar, global sustainable open-end and exchange-traded funds experienced record outflows amounting to \$8.6bn – a sharp reversal from the \$18.1bn of inflows posted in the previous quarter.

“An increasingly complex geopolitical environment, including the return of Donald Trump to the White House, and new anti-ESG policy measures have prompted asset managers in the US, many with global operations, to adopt a more cautious stance,” Hortense Bioy, head of Sustainable Investing Research at Morningstar Sustainalytics, said in the report.

In the US, it was the 10th straight quar-

FOCUSED ON THE FUTURE

Barrick stands alone in the industry in its ability to replace the gold and copper it mines while simultaneously growing its reserves through exploration and development. With a pipeline of key growth projects, projected to increase production by 30% by the end of the decade without the need to issue new shares or take on unnecessary debt, Barrick remains focused on delivering a sustainably profitable business for the benefit of all stakeholders.



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A 3D geological model of the Cortez district at the Barrick-operated Nevada Gold Mines, cut out to reveal the Fourmile-Goldrush orebody wireframes.

ter of outflows on this front while Europe had its first quarter of net outflows since 2018.

The mining sector, because of its outsized impact on the environment and communities – and in places such as South Africa, a brutal history of exploitation under apartheid – has embraced the ESG zeitgeist with the fervour of a convert.

With the political leadership of the world's largest economy now dismissing ESG and related trends as misguided obstacles to business and capitalism, how is the mining sector reacting?

According to the London-based International Council on Mining and Metals (ICMM), the ESG business case for the industry is set in stone.

"The commitment of ICMM members to responsible mineral production remains as strong as ever and will continue to progress. Every time we have made a commitment in the past regarding ESGs it's been for sound business reasons. It's not like it's done for show or for the PR of it, it was done because it made sense for the business and in line with our commitment to being responsible operators," ICMM CEO Rohitesh Dhawan told Miningmx in an interview.

"There would be no reason to roll that back now because of certain points of view that someone may have on the concept of ESG or sustainability because it doesn't change the business imperative to do the right thing. That there is a certain political mind set in Washington doesn't change the fundamental rationale for taking these steps because the steps are ways to make your business more resilient."

As an example, Dhawan pointed to water usage.

"We've had pretty strong commitments on water reporting and management as the ICMM for many years now and some people might say that that is part of an ESG approach that needs to be questioned if you believe in the current US attitude. But why would you change your attitude to better water management?

"That's a good thing for your business because it makes you more resilient, it's a good thing for your relationship with com-



ICMM CEO Rohitesh Dhawan

munities, and it lowers your costs. Even if you took a purely financial view of many of these issues, you often come out on the side of responsible practice."

Indeed, at least ICMM members and publicly listed mining companies generally are not showing any signs of cooling on ESG.

"When it comes to ESG and the South African mining sector, to a company they are all very good corporate citizens on the broad subject of ESG. We all produce separate sustainability reports these days and the volume of content and material is extensive. You should expect that to accelerate, not to slow down," Paul Dunne, CEO of Northam Platinum who is also president of the Minerals Council South Africa, told Miningmx.

"Northam and my fellow companies in council have all got decarbonisation targets of various degrees. At Northam, ours is a 60% reduction in carbon intensity by 2030, which we now believe we will comfortably exceed and so we are looking for a new target above and beyond the 60%."

This decarbonisation drive is rooted in factors that make business sense. Key markets such as the EU are beginning to impose penalties on imports with a heavy carbon footprint.

And in South Africa itself, the soaring cost of power provided by state-run utility Eskom – which still relies heavily on its ageing fleet of coal-fuelled plants – has sparked a scramble for renewable sources of energy.

Eskom has also been unreliable, though

the rolling power cuts dubbed locally as "load shedding", which reached their peak in 2023, have since been significantly curtailed. That may also speak to the fact that the economy is barely growing, with energy-intensive sectors such as mining and manufacturing showing a worrying trend of declining production over the long term.

COMMUNITIES, HEALTH, AND SAFETY

On the S part of the ESG concept, having good community and employee relationships also just makes business sense. Strikes and community protests that shut

down production can hurt the bottom line while raising red flags for investors.

In South Africa, for example, the rise of the ESG ethos in the mining sector has coincided with a dramatic decline in labour militancy and community unrest as well as fatalities and injuries and cases of occupational disease such as silicosis.

A decade or so ago, South Africa's mining industry was rocked by an outbreak of labour ructions that included the Marikana Massacre of August 2012 – when police shot dead 34 miners at Lonmin's Marikana operation who were taking part in a violent wildcat stoppage – and a 2014 strike in the

'The commitment of ICMM members to responsible mineral production remains as strong as ever and will continue to progress. Every time we have made a commitment in the past regarding ESGs it's been for sound business reasons. It's not like it's done for show' – Rohitesh Dhawan, ICMM

AUSTRALIA



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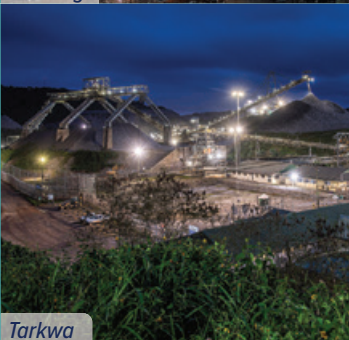


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platinum sector that lasted five months. In recent years by contrast, wage talks in the mining sector have often led to deals of up to five years that were inked without a single tool being downed.

Rising wages partly explain this turn of events. Wage agreements are almost inevitably linked to inflation plus a top-up, and over the past three decades, South African mineworkers have generally had a rising standard of living as a result.

This trend was firmly in place before ESG became a key and material metric in company reports, but its injection into the C-suite has surely retained the momentum.

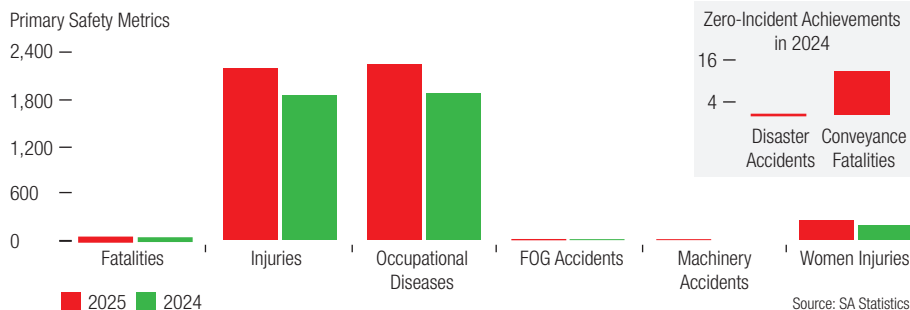
Mine health and safety are also revealing in this regard.

In 2024, 42 miners were killed on the job in South Africa – a record low for a calendar year since the onset of industrial-scale mining in the late 19th century. Reported occupational diseases in the same year fell 17%.

These developments, like rising wages, did not happen overnight. In the 1980s, as many as 800 South African miners were killed each year at work at a time when the apartheid-era C-suite had scant regard for African lives.

Years before ESG took hold, the health and safety record in South Africa's deep and dangerous mines was steadily improving, driven by union demands and government regulation but also investor worries.

Mining Safety Statistics 2023 vs 2024 Comparison



The ESG concept is not an epiphany that suddenly fell from the sky. It has been decades in the making, with measures and initiatives that are now classified as ESG already becoming entrenched.

This at the end of the day makes a business more sustainable and profitable. The Trump administration can try and buck the tide, but the laws of economic gravity are not easily defied.

RED FLAGS

Still, there are red flags raising alarms. One was an executive order from the Trump administration on 10 February placing a moratorium on the enforcement of the Foreign Corrupt Practices Act (FCPA).

Introduced in 1977, the FCPA prohibits US individuals and companies – or those with a US connection such as a secondary

listing – from bribing foreign public officials for commercial gain. It has long been seen as a vital tool to keep the corporate world in check.

Trump pointedly said it reduced the competitiveness of US companies, signalling that his administration was okay with corruption – a big blow to the G in ESG.

Global mining and trading giant and ICM member Glencore in 2022 pleaded guilty and paid over \$1.1bn in fines to resolve the US Department of Justice's (DOJ) investigations into its violations of the act; malfeasance it described as "staggering".

But in June, the Trump administration released its guidelines for FCPA enforcement and they affirm that the DOJ will continue probes and enforcement of the act. One big change is that it plans to target cartels under it, which should not impact the mining sector.

Troutman Pepper Locke, a leading international law firm, said in a commentary that the DOJ would also now "prioritise bribes that negatively impact US business opportunities abroad".

It went on to say that in the wake of the June guidelines, companies should maintain robust anti-corruption compliance programmes: "Companies should continue to uphold strong anti-bribery and anti-corruption policies. These Guidelines communicate that the Trump Administration does intend to continue FCPA enforcement and investigations."

The Trump administration may be driving some nails into the ESG coffin. But the ESG zeitgeist is hardly dead and buried, and responsible mining companies and organisations remain committed to its principles – not least because they are seen as a boost to the bottom line.



Paul Dunne, president, Minerals Council SA



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Myth of peak coal exploded by world shocks

The twin shocks to the world order were delivered between 2020 and 2022 when the Covid pandemic struck and Russia invaded Ukraine. These events had many consequences but one was to underline the West's economic vulnerability, buying coal a new lease on life, writes **DAVID MCKAY**



July Ndlovu, outgoing CEO, Thungela Resources

THE world burns nearly double the amount of coal today compared to 2000, and four times the amount consumed in 1950. Every minute, 16,700 tons of coal are excavated globally – enough to fill seven Olympic swimming pools, according to the Financial Times in a report in July.

In fact, the International Energy Agency (IEA) has changed its mind on a previous forecast that coal demand peaked in 2013. Now it talks of a plateau rather than a peak. “We changed our wording,” Carlos Fernández Alvarez, head of gas, coal and power markets at the IEA, told the newspaper.

Don't tell this to Vuslat Bayoğlu, MD of Menar, a 3.5-million-ton-a-year coal producer in Johannesburg. He's been arguing with renewable energy advocates over the risks of poverty over climate change for years. One argument he makes is that for a country like SA, where the recent unemployment rate was 32.9%, the focus should be on pro-

ducing cleaner coal rather than pressuring an entire industry to shut.

“I think there is still a massive resistance to coal,” says Bayoğlu. “If you go to a bank in SA, they will say they will not fund a coal-fired power station.” Despite this, the country doesn't have the ability to fund the major capital investment required for gas or renewable power without providing massive security for foreign loans. “That means we're going to give our future – our kids' future – as security,” he says.

“The risk of poverty far overrides the environmental risk on this planet,” says Mark Bristow, CEO of Canadian firm Barrick Mining. He believes developing economies have not been supported, especially by the West. It's a view shared by outgoing Thungela Resources CEO July Ndlovu. “An unmanaged decline in coal, driven by global politics but blind to local consequence, risks triggering economic and social dislocation on a massive scale,” he said in a recent article in BusinessLive.

He also rejected “false binaries” such as the argument of coal over renewables or climate versus development, or growth versus exit. These are oversimplifications of a far more complex challenge which is for an energy transition that is “honest, inclusive and disciplined”.

In other developing economies, coal power competes directly with renewables which, in the case of China – which consumes half the world's coal – it has to. Despite renewable energy growth, China's coal consumption may continue rising in absolute terms, says the IEA. India draws three-quarters of

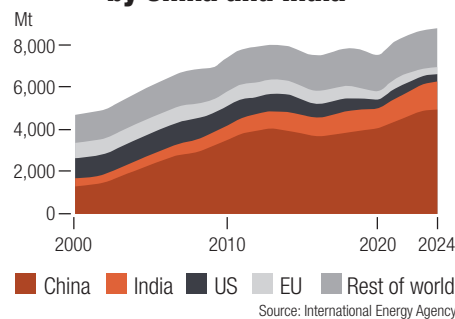
its electricity from coal despite significant renewable investments. The government expects domestic coal production to rise 6-7% annually, reaching 1.5 billion tons by 2030.

Citing its research, the Financial Times said there was a 97% probability that Chinese coal consumption in 2026 would exceed IEA forecasts, while commodity analyst Tom Price expected coal use to keep rising 0.5-1% annually.

While it's probably not correct to say coal's reputation has been rehabilitated, the COVID pandemic and the invasion of Ukraine by Russia both reminded developed nations of their economic and strategic vulnerability.

“If we have a parallel world in which we remove COVID, and we remove Russia's invasion of Ukraine, I think the coal trajectory would have been very much as expected,” said Alvarez. As a result, Bayoğlu thinks there's a logic for Europe and South Africa to mine and sell coal. “We can't afford not to have coal power,” he says.

Global coal use increase driven by China and India



Vuslat Bayoğlu, MD, Menar

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Zanaga plots route from rust to riches

A group of former mining house CEOs have banded together to breathe life back into a project that last attracted attention a decade ago. Can the Zanaga iron ore deposit finally see light of day? Its backers think the stars are finally aligning, writes **David McKay**

CRITICAL minerals are a moveable feast it seems. Initially understood to mean decarbonising battery electric vehicle minerals such as lithium, the critical minerals family is now a thing to be defined by the strengths and anxieties of any who care to expound on the matter. So in South Africa, coal makes the list, the mineral least suitable for decarbonisation.

Iron ore hasn't generally commanded attention in the critical minerals discussion. Mined to supply steel manufacturers, the mineral is generally perceived in terms of a

carbon present the world wants to escape. That all changes, however, if iron ore can be processed with carbon credits.

This is the niche Zanaga Iron Ore Company (ZIOC), a London-listed company, wants to occupy. For more than a decade, the Zanaga iron ore prospect in the Republic of Congo (RoC) was ignored until in April when ZIOC's 43% shareholder Glencore was bought out.

The buyer is a consortium led by ex-Anglo CEOs Mark Cutifani and Tony Trahar, as well as former Xstrata boss Mick Davis. Along with other investors they raised \$23m via a share issue. Once Glencore was bought out ZIOC well and truly set Zanaga on a path of re-evaluation. If they succeed, the project could become a high-value, low-cost 30 million tons a year iron ore supplier.

The question is what makes Zanaga fly now when Glencore's feasibility study in 2013 found it to be uneconomic? And to give present context to this question, it's worth acknowledging that the iron ore market has weakened during the past two to three years.

"Investors are generally indifferent towards iron ore," said UBS in June. The bear case in the mineral had not "played



'Electric arc furnaces are lower capital intensity, lower operating cost, more efficient, and cleaner. But you have to have the right kind of feedstock to supply them' – Andrew Trahar, ZIOC



Mark Cutifani, partner, Greymont Bay

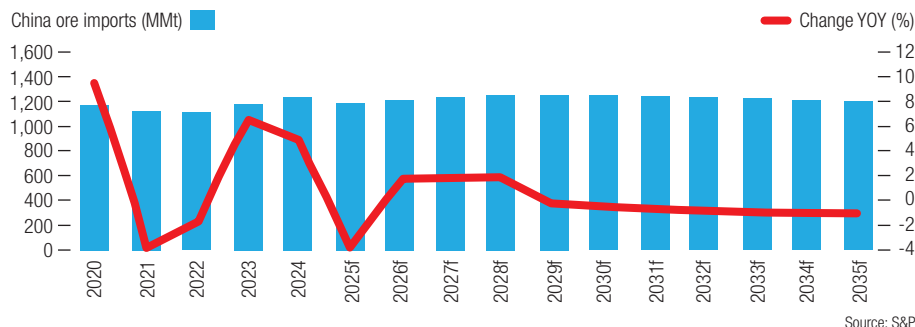
out" over the past five years while supply

is expected to increase, it added. A consortium involving Rio Tinto is commissioning the giant \$11.6bn Simandou project in Guinea, for instance. It will add 60mt a year of the material in its first year, doubling thereafter.

According to S&P Global Metals, a credit ratings company, Simandou will contribute towards a 20mt to 30mt supply surplus in 2026 and 2027. This comes as short-term steel production declines in China, the single-largest buyer of the mineral.

Commenting in its non-ferrous metals briefing in June, S&P said it expected Chinese steel production to drop 40mt this year

China iron ore imports projected to stay above 1.1bn metric tons to 2035



owing to “mill economics and profitability, rather than enforced production cuts”. Said Goldman Sachs in a recent report: “While policy rhetoric around capacity cuts has lifted sentiment, structural overcapacity in China’s steel industry remains unresolved, and enforcement of meaningful production curbs is unlikely amid macroeconomic pressures.”

However, ZIOC’s backers say there have been three major shifts in the iron ore market since 2013.

The first is the project’s flow sheet has been modernised to accommodate technology capable of extracting higher grade iron ore with fewer impurities. Secondly, grades of iron content in established iron ore supply, such as Australia’s Pilbara basin, are on the decline which opens up an opportunity for a high-grade operator. The iron content of Australian production is now a little over 60% iron compared to ZIOC’s direct reduction iron technology which is forecast to yield 68.5% iron in the project’s first 12mt per year first stage, says Andrew Trahar, head of corporate development at ZIOC.

The third factor is climate change.

Steelmakers are increasingly preferring low carbon supply from electric arc furnaces. This technology emits less carbon than coke-burning blast furnaces to which lower quality iron ore is supplied. This could be ZIOC’s most competitive feature, adds Trahar.

“Electric arc furnaces are lower capital intensity, lower operating cost, more efficient, and cleaner. But you have to have the right kind of feedstock to supply them. In the past 10 years, people have been actively progressing their electric arc furnace strategies, particularly Japan, the Middle East, and even in the US, where approximately 80% of current production of steel in the US is electric arc furnace.”

A second-stage expansion of Zanaga of 18mt/y will yield better-yet iron ore and take the project’s total capital outlay to \$2.2bn. This is less capital intensity than other iron ore projects, but with price premium baked in, hopefully, says Trahar.

“If we can produce this high-grade product at similar capital and operating costs,

we will be producing a product that today sells for about \$130/t, whereas the benchmark product that we were being based off previously is a 65% pellet feed blast furnace product that was trading at \$115/t. So the current spot price for this kind of product is about \$15/t above our previous type of product,” he says.

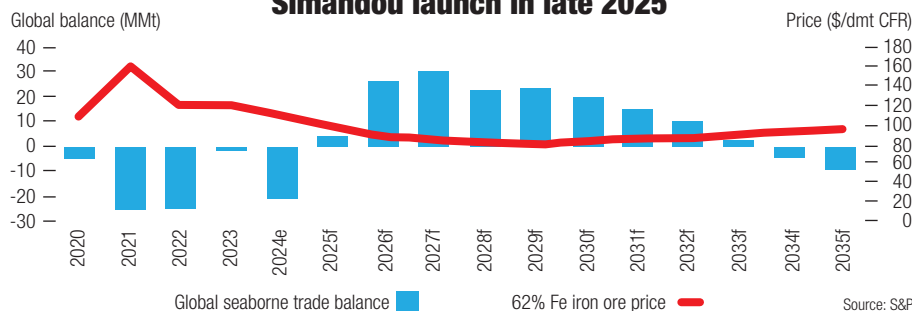
As for next steps, Trahar says ZIOC is funded for at least the next 12 months while it builds and communicates its investment case about the project. Bulk sampling is another important milestone. Essentially, the project has a bankable study it has updated.

The big question after that is how to finance the capital. Options include a partial sell-down of shares by the consortium.



Mick Davis, managing partner, Vision Blue

Seaborne iron ore trade surplus to increase with Simandou launch in late 2025



Offtake with a project builder is another. “There are so many different ways in which you can cut the cake here, and we’re going to have to run this process down with our strategic partners before we can actually reach a final conclusion,” says Trahar.

It’s also worth noting the project’s backers are private equity and will be mindful of an exit. “We’re value-driven,” says Trahar. “As a company, we have to be focused on value rather than the emotion of chasing operational status for the project.”



The US has turned with fresh eyes and renewed appetite to seabed mining, raising the hackles of environmentalists. But how imminent is the threat when the seabed mining costs potentially dwarf conventional 'land' mining, and operating standards don't yet meet industry best practice, asks **ED STODDARD**

IN 1938, a fishing trawler off the coast of South Africa's Eastern Cape province netted a curious fish that was drawn to the attention of naturalist Marjorie Courtenay-Latimer in East London.

It turned out the fish was a coelacanth. Known from the fossil record, the species was believed to have been extinct for 70 million years. The discovery was regarded at the time as scientific treasure and underscored a wider point: the depth of our ignorance about the depths of the sea.

Almost a century later, Neptune's realm

remains murky despite massive advances in our understanding of the seas. But new fossilised treasures in the form of critical minerals are seen down deep and there is a lot of hype – and alarm – about mining's newest frontier.

US President Donald Trump threw the subject into sharp relief in April with an executive order entitled 'Unleashing America's Offshore Critical Minerals and Resources'.

"Vast offshore seabed areas hold critical minerals and energy resources. These resources are key to strengthening our

economy, securing our energy future, and reducing dependence on foreign suppliers for critical minerals," the order said.

That raised red flags with the International Seabed Authority (ISA), a UN body that is supposed to regulate all mineral-related activity on the seabed in international waters that lie beyond the 200-mile (320km) economic zones that countries with coastlines have jurisdiction over.

ISA said that the move "...raises specific concerns because while the order primarily addresses domestic political and policy matters, its reference to applicability in

areas beyond national jurisdiction becomes a matter of the rule of law within the global ocean governance framework known as UNCLOS (the UN Convention on the Law of the Sea)."

ISA was also rattled by the subsequent application from the Metals Company USA to extract deep-sea minerals in international waters – bypassing ISA's authority.

These developments are unfolding against a backdrop of worldwide urgency as the green energy transition – which is not on Trump's agenda – and older trends such as urbanisation gather pace. The trajectory the global economy is taking is simply not possible without a wide range of metals and minerals, and lots of this stuff is needed to keep the wheels turning.

With warnings of looming metals shortages and uncertainties about the extent of undiscovered, economically viable mineral resources on land, attention is turning to the seabed.

A SEA OF WEALTH

Oceans cover 71% of the surface of the planet we curiously call Earth, and humans have long extracted resources from the sea that go beyond fish and other wildlife. Much of the oil and gas industry, for example is focused on drilling and wells in deep water, and there is also mining beneath the sea.

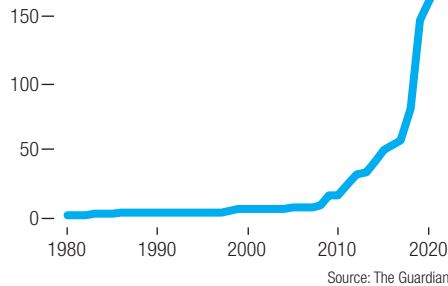
The Boulby Mine in North Yorkshire, England, for example, which produces potash, is more than 1,400m deep and its tunnels extend for several kilometres beneath the sea. And off the Atlantic coasts of South Africa and Namibia, diamonds are collected from the bottom of the ocean in relatively shallow waters near the shore.

But deep-sea mining is a completely different kettle of fish. It aims to unlock the wealth from the ocean floor that is contained in potato-sized polymetallic 'nodules' as well as sulphides and metal-rich crusts that form on underwater mountains.

The nodules are like nuggets of nickel, copper, cobalt and manganese, while the sulphides contain "large amounts of copper, zinc, lead, iron, silver and gold", according to ISA. The crusts are rich in cobalt.

"The seabed truly is metal-rich, and for nodules the excavation need reach only the upper decimetre of mud, not kilometres

Cumulative published records of new species in the Clarion-Clipperton Zone



into the crust," Glen Nwaila, director of the Wits Mining Institute at the University of the Witwatersrand, told Miningmx.

"Nevertheless, the leap from a geologically impressive resource to a proven, economically viable reserve depends on closing gaps in spatial sampling, demonstrating that full-scale systems can operate reliably at five-to-six-kilometre water depths, and showing that long-term environmental

liabilities, whether plume dispersion, biodiversity loss or costly restoration, can be contained within an acceptable cost envelope."

Mining projects are costly, but this takes things to new depths.

"Turning these geological resources into mineable reserves is expensive. A

single first-generation operation designed to lift three million dry tons of nodules per year is expected to require capital outlays of roughly \$1.3-1.8bn for collector vehicles, a riser-lift system, a production-support vessel and a shore-based hydrometallurgical plant," Nwaila said.

"Recent modelling of post-mining habitat rehabilitation estimates that recreating nodule substrata or stabilising disturbed sediment would cost between \$5.3m and \$5.7m per square kilometre, roughly double current estimates of extraction cost per square kilometre, so any future regulatory requirement for restoration could alter project economics materially."

The equipment required also comes with high maintenance costs linked to the depths involved and the direct exposure to salt water which causes rust.

And if cobalt or nickel prices were to flatline or decline, shareholder value would sink like an anchor.

"Financial-risk analyses have warned that, under flat or declining cobalt and nickel price scenarios, deep-sea nodule pro-

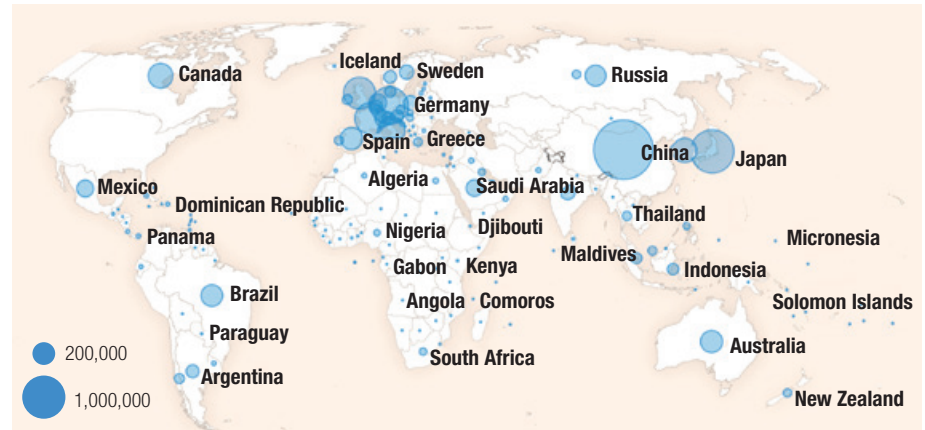
jects could destroy [from] \$30bn to more than \$100bn of shareholder value over two decades," Nwaila said.

And the "acceptable cost envelope" remains shrouded in the mists of the deep.

"Mining on land is difficult enough," Paul Dunne, the CEO of Northam Platinum, who is also pres-

'Mining on land is difficult enough' – Paul Dunne, president, Minerals Council SA

2025 assessed contributions to the International Seabed Authority (\$)



Source: Financial Times

ident of the Minerals Council South Africa, noted in a conversation with Miningmx when asked about seabed mining.

Still, this is not science fiction like something out of Jules Verne's classic 19th-century novel, *Twenty Thousand Leagues Under the Sea*. It's real and capital is being deployed in what may potentially be a new rush to salvage this marine treasure trove.

While no commercial exploitation has been approved to date by ISA for the extraction of marine minerals in the depths – not least because regulations governing deep-sea mining are still under development – it has issued exploration contracts to assess the potential.

In total, according to its website, ISA issued 30 contracts to 21 contractors sponsored by 20 countries for the exploration of the three types of mineral resources in what it calls “the Area” – the international seabed that covers 54% of the planet's surface.

The 20 sponsor states pointedly don't include the US – which is not a signatory to UNCLOS – or any African countries.

“The States sponsoring these contracts (are) Belgium, China, the Cook Islands,

Seabed exploration areas (February 2024)



Source: The Economist

France, Germany, India, Japan, Kiribati, the Republic of Korea, Nauru, Poland, the Russian Federation, Singapore, Tonga and the United Kingdom. Bulgaria, Cuba, Czechia, Poland, the Russian Federation and Slovakia also sponsor a contract through the Interoceanmetal Joint Organization,” ISA says.

“The areas explored include the Clarion-Clipperton Zone (CCZ) (in the Pacific Ocean), the Indian Ocean, the Mid-Atlantic

Ridge and the Northwest Pacific Ocean.”

AFRICA MISSING OUT?

Africa at this point seems to be missing out on most of this scramble, but it has a history in this regard which could point the way to how the future unfolds.

Over a decade ago, applications had been made to explore for seabed minerals in the waters off Madagascar and Mauritius, and some exploration has taken place in South African waters, according to a 2014 policy briefing report by the South African Institute of International Affairs.

Namibia's waters have also been seen as prospective and scientific studies were conducted there as far back as the 1970s which uncovered significant phosphate deposits at depths of 180-300m. The Namibian Ministry of Mines and Energy of 2011 permitted two companies to harvest this bounty.

The Sandpiper phosphate mining project involving two Australian-based companies, Minemakers and Union Resources, with a Namibian partner, became a flashpoint of opposition from local and international environmental groups which eventually led to a moratorium on phosphate mining.

That ban is no longer officially in place but the Sandpiper project, now in the hands of a company called Namibian Marine Phosphate, remains just that: a project.

‘YES, IF’ AND FOUR TESTS

Environmental opposition remains the biggest obstacle to such projects getting off the ground and into the deep water, and much of this is rooted in the potential threat to life at the bottom of the sea.

Once thought to be a dark and cold realm largely devoid of life, the deep sea is now regarded as the largest ecosystem on the planet, teeming with biodiversity and many species that have yet to be discovered and identified by science.

“The deep sea is the most extensive habitat on our planet, and it supports surprisingly high biodiversity,” says one peer-reviewed 2021 study in the journal *Frontiers in Marine Science*.



Seabed mining protest

“It remains uncertain whether the deep sea is resilient toward anthropogenic disturbances, yet this is difficult to research on short timescales. There is little hope for areas in which exploitation, such as deep-sea mining, will be directly impacting the benthos [the community of organisms that live on or near the bottom of a body of water] and proper regulations are required to preserve biodiversity in the deep sea.”

So, does deep-sea mining have a future or is it a myth of the deep?

Rohitesh Dhawan, CEO of the London-based International Council on Mining and Metals, told Miningmx that in his view, a “Yes, If” approach was the best way forward.

“Most of the rich nodules lie in international waters that are not in any country’s 200-mile zone. That is governed by the International Seabed Authority and that will give you the guidebook on how to do that responsibly. That is where the issues lie because that rule book hasn’t yet been developed,” Dhawan said.

“There are questions around the ISA as a governance mechanism. And there are concerns that a country like the US may disregard and not care what the ISA says and allow companies to exploit those nodules in international waters” – which is precisely the fight that the Trump administration seems intent on provoking.

Dhawan went on to say that amid the polarising debates that surround the issue,

This is not science fiction. It’s real and capital is being deployed in what may potentially be a new rush to salvage this marine treasure trove



Namdeb retrieving diamonds

it was best to take a deep breath before taking a deep dive. “I think a better way to think about this is a ‘yes, if’ type approach. Because what a yes, if approach does is to say ‘yes’, we should be able to get minerals wherever they’re found ‘if’ we have a series of tests that need to be proven before you do it,” he said.

Along those lines he sketched out four tests.

“So if number 1, you can demonstrate a clear baseline of what life currently exists and how that life responds to disturbance. Secondly, you can do this if there are mechanisms that have proven to be effective and mitigating on any impacts on those life forms. Third, you can do this if there is an accepted rulebook on how to do this responsibly. Fourth, you can do deep-sea mining if the governance of the process is seen as widely credible,” Dhawan said.

“And those are just four tests that I would be applying to determine if you can do it responsibly or not. And as things stand, I don’t think you can meet those four tests.”

Meanwhile, the need – and the resulting demand – for the riches at the bottom of the sea is only going to grow.

Costs for now remain prohibitive and environmental concerns are not alarmist. But grappling with rapid climate change linked to fossil fuel usage has become one of the

‘Recent modelling of post-mining habitat rehabilitation estimates that recreating nodule substrata or stabilising disturbed sediment would cost between \$5.3m and \$5.7m per square kilometre, roughly double current estimates of extraction cost per square kilometre’ – Glen Nwaila, University of the Witwatersrand

defining issues of this epoch, and doing this requires much of the resource wealth that lies in the deep sea.

Dhawan’s four tests may someday get a passing grade. Like the coelacanth, the ocean still has many mysteries, and some of them could hold the keys to the future of the mining industry, the global economy and even life on Earth.

Transnet's infrastructure backlog could deter private investors

Port and logistics firm Transnet is finally working on a partnership with the private sector in order to rehabilitate and improve its ailing rail network. But attracting this investment is no easy task, writes **CHARLOTTE MATHEWS**

SOUTH Africa is literally collapsing under the burden of road freight. Massive trucks barrelling along major highways are exacting an ever-rising toll in fatal accidents, potholed roads, traffic congestion and higher prices for retail goods.

A large proportion of those trucks are carrying bulk minerals such as coal, manganese and chrome, which can be railed from mine to port far faster and cheaper. For example, it costs about R800 per ton to truck coal from Witbank to Richards Bay against about R250/t to rail it.

Without functioning rail, not only are costs higher, but miners cannot mine and export as much as their operations are capable of producing. According to the Minerals Council SA (MCSA), between 2021 and 2023, SA lost out on an estimated R98bn in coal and iron-ore exports, owing to freight and logistical constraints.

That's why miners are looking anxiously at Transnet's deteriorating infrastructure and balance sheet. It will cost an estimated R51bn just to fix and maintain Transnet's current rail network. That figure rises to R71bn if signalling and other associated infrastructure is to be addressed. But currently Transnet spends about R13bn a year just on servicing its debt of almost R140bn – more than R90bn of which matures in the next five years.

"We think that a fundamental problem is the state of Transnet's balance sheet," Minerals Council chief economist Hugo Pienaar said. "Government has given guarantees, but it cannot finance the necessary capital investment to improve the quality of rail

infrastructure. That is fundamental. "Private sector participation (PSP) is good, and needs to be done to increase competition in logistics, but you cannot run private sector wagons or increase volumes on inferior infrastructure. What's needed is a proper capital injection into Transnet, perhaps by selling off assets or an injection from government."

Minister of Transport Barbara Creecy has set Transnet a target of railing a total of 250 million tons (both minerals and general freight) by 2030. In 2024/5 Transnet carried

160mt, which was better than the 152mt in 2023/4 but still below the 170mt target. In 2025/6, Transnet is aiming for 180mt, down from its previous target of 193mt.

In coal, Transnet railed 54.1mt to Richards Bay Coal Terminal in 2024/5, which was significantly below the 65mt target. For 2025/6, the target is 62.2mt, according to Andrew Shaw, Transnet's chief strategy and planning officer. That may be difficult, given four derailments – which are largely related to lack of maintenance – in April and May, but he is confident Transnet can



Transnet derailment

make up the volumes. He said there were solid plans to address maintenance: performance after shutdowns to focus on the weakest parts of the line has improved. A maintenance shutdown had been scheduled for July 2025.

In iron ore, Transnet carried 54.8mt in 2024/5, almost 8% below its 60.5mt target. Shaw said 30% of the lost tonnages were due to derailments, locomotive failures, challenges at the Saldanha terminal and heavy rainfall. Unfortunately, the number of security incidents on that line has increased, even as they have lessened elsewhere on the network. For 2025/6, the target is 57mt.

“There is no doubt that Transnet is making progress, but it is relatively slow,” Pienaar said.

Government’s longer-term plan to fix Transnet is based on a major restructuring of the entity and the introduction of the private sector, both in financing and operating certain sections of the network. The Department of Transport (DoT) earlier this year issued requests for information (RFIs) on planned PSPs in three main blocks: from the Northern Cape to Coega or Saldanha for iron ore and manganese;

from Mpumalanga to Richards Bay for coal, ferrochrome and magnetite; and from Gauteng to Durban (but also including the rest of the general freight parts of the network) for automotive, agriculture, processed steel, granite, etc.

Independently, Transnet has already been working on a PSP to bring some of the older rolling stock back into operation and lease it out for third-party access, as well as other rail and port initiatives, which the DoT has asked it to put on hold until the RFI process is concluded, Shaw said. These other PSPs include the container corridor as well as the port and rail manganese corridor from Hotazel to the Port of Ngqura, and the Richards Bay dry bulk terminal, where Transnet intends to double volumes through semi-automation and expansion.

“Once the RFI process is concluded, we may well be asked to continue with them,” he said.

The RFI posed about 30 questions, which drew some interesting responses, said Shaw. For example, the private sector was asked to comment on market appetite and readiness; their view of the assets available; their willingness to invest; the regulatory, operational and commercial environment they would require and what changes they would like to see in order to invest; and where the biggest need for investment in the infrastructure lies. They were also asked to do a SWOT (strengths/weaknesses/opportunities/threats) analysis of Transnet’s current operations.

There were about 160 formal responses, with 51 in relation to the iron ore/manganese corridor, 48 for the coal/chrome corridor and 63 for the intermodal corridor. The PSP office, which is under the jurisdiction of the DoT, expects to issue requests for proposals (RFPs) in August, the minister has said.

“It is great to bring in the competition and it gives the miners the opportunity to do more, but that will only happen if there is investment in the infrastructure,” commented Pienaar.

To achieve a truly open and competitive bidding process, it would take about two years from the point that the RFPs were issued to signing agreements, Shaw said. So the private sector was asked about its willingness to provide funding in the short term, perhaps as a collaboration or condi-

‘Private sector participation is good, and needs to be done to increase competition in logistics, but you cannot run private sector wagons or increase volumes on inferior infrastructure’ – Hugo Pienaar, economist

tional on certain outcomes, or to initiate investments on the network with some guarantee of return. Some of the banks could be interested in this form of bridging funding opportunity.

RISING DEBT

In the shorter term, while the RFP process is under way, Transnet has applied for funding under the Budget Facility for Infrastructure (BFI), a National Treasury initiative that allows various departments to apply for infrastructure funding, often linked to private sector participation. Transnet has applied for R16.3bn of BFI funds for rehabilitating the coal and iron ore lines, as well as the container corridor, the Durban container terminal berth deepening and a liquid bulk facility at Coega.

Transnet’s rising debt burden is partly due to the fact that, as volumes have declined, operating expenses have grown faster than revenue.

Asked about cutting operating costs, Shaw said: “From a strategy standpoint, our first focus is to get funding for rehabilitation and sustaining investment. The second is to fix and optimise the business. We cut operating spending by around 5% last year and are hoping to achieve a similar saving this year.

“In the past two months, we embarked on more focused cost cutting, across areas where we can cut spending without affecting volumes. Thirdly, we are revising our spending on procurement, so we are re-examining contracts and negotiating with service providers for better rates. That process is under way.”



US and China plough billions into Africa's rail networks

BY CHARLOTTE MATHEWS



Lobito Atlantic Railway (LAR) employees look on as former US president Joe Biden speaks to LAR director of operations Nicolas Gregoir

OUTSIDE South Africa, billions of dollars are being invested in upgrading and expanding rail networks to facilitate transport of minerals such as copper, cobalt, tantalum and coal from landlocked mines in the Democratic Republic of the Congo (DRC), Botswana and Zambia to ports.

These networks include the 1,500km Trans-Kalahari Railway, and another in feasibility study stage – the Tanzania-Zambia Railway Authority (TAZARA), a planned \$1.4bn investment by the China Civil

Engineering Construction Corporation to upgrade the existing 1,860km railway that links mines in Zambia to the Port of Dar es Salaam.

But the most advanced of all is the 1,300km Lobito Corridor from Angola's Lobito Port to mines in the DRC and Zambia. Lobito has attracted \$10bn in investment pledges from the US, EU, African Development Bank and private sector consortia.

The Lobito Corridor has already been used by Ivanhoe Mines to transport copper concentrate to Lobito from its Kamoa-Kaku-

la complex in the DRC. Transporting concentrate by rail instead of road cuts the journey time to about eight days, compared with 25 days by road to Durban.

Andrew Shaw, chief strategy and planning officer at Transnet, said volumes on the north-south rail corridor from Lubumbashi to Durban have fallen off over the past 15 years, for various reasons, including more competition from east-west road traffic to Dar es Salaam and other destinations. But a substantial volume of copper was still coming by road to City Deep and being

containerised for export through the Port of Durban. Durban offered an advantage for copper exporters in that containerised copper can be shipped in smaller quantities via scheduled vessels by different customers to destinations around the world, he said.

DRIVING DEVELOPMENT

“Both the Lobito and TAZARA railway projects highlight the increasing interest in African critical mineral supply chains,” the Organisation for Economic Co-operation and Development (OECD) said in an April 2025 draft report on the OECD Emerging Markets Forum.

In 2023, the US and EU signed an MOU with African finance agencies to support the upgrade of the old Benguela Railway, on which the Chinese did some work between 2006 and 2014 in a \$2bn rail-for-oil programme. Although the MOU was signed under the administration of President Donald Trump’s predecessor, in April 2025 US ambassador to Angola James Story said the US was not moving away from the project.

In fact, the US has become more involved in the region. On June 27, representatives of the DRC and Rwanda signed the Critical Minerals for Security and Peace Deal in Washington, which was brokered by the US. The US will get “a lot of mineral rights” from the DRC as part of the agreement, Trump told reporters at the event.

Trump is seeking to counteract China’s influence in critical minerals and specifically secure supply for the US.

US INTERESTS ARE NARROW

According to Claude de Baissac, founder and CEO of Eunomix, which advises corporates on risks in Africa, delegates at this year’s London Indaba expressed hope that Africa’s mineral wealth was again attracting attention and investment. De Baissac was less optimistic. “Africa, Latin America and parts of Asia are where the competition between the US and China for critical minerals is playing out. Africa has 30% of the world’s known mineral endowment but the continent is underexplored.

“Despite some disparaging remarks about Africa, President Trump has not written Africa out of the picture.

“He is not walking away from the Lobito Corridor and has spent time and capital on facilitating the DRC-Rwanda peace talks,” said De Baissac.

“However, his involvement is purely transactional. He looks at Africa through a geopolitical lens. He withdrew support for USAID because he did not understand the organisation’s role in development and humanitarian assistance. But there is no question of abandoning the Lobito Corridor, because it is singularly focused on securing bulk minerals supply to the US.”

De Baissac said another scramble for Africa’s resources by the superpowers was unlikely to advance democracy and broader economic development on the continent.

“The US is unlikely to be a force for positive change because it is motivated by self-interest, and there is a significant risk that US involvement will benefit only itself and a few corporates,” he said.

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Copper 360's 'make or break' year turns to 'break'

BY BRENDAN RYAN

THIS time last year Miningmx commented that 2025 would be a “make or break” year for Northern Cape junior miner Copper 360 and, unfortunately, it has turned out to be “break”.

Results for the year to end-February – released at the end of June – revealed that its loss had trebled to R223m from a loss of R64.8m the previous year and, remember, that prior loss was supposed to be a profit of R245m.

The accumulated losses incurred so far have resulted in the auditors declaring an “emphasis of matter” querying Copper 360’s ability to carry on as a going concern. That was rejected by the directors who maintain the group is “in a sound financial position and has access to sufficient borrowing facilities to meeting its foreseeable cash requirements”.

All of this resulted from Copper 360’s most damning failure, which was its inability to produce the copper it said it would. The company produced just 1,054 tons of copper for the year against prior forecasts it would produce “at least” 6,000t.

Copper 360 reported that it had placed its SX-EW copper cathode plant into care and maintenance because of operating losses while its MFP2 recovery plant reached operating capacity only in the second half of the financial year.

The company is now being run by its third CEO in seven months. Founding CEO Jan Nelson was abruptly replaced in December by Copper 360 chair and controlling shareholder Shirley Hayes. The stated reason was “the implementation of the transition to producing status ensuring integrated collaboration and disciplined execution and risk management”.

Nelson was appointed “executive director of resource strategy and equity value” to

oversee the programme to open up new mines in terms of Copper 360’s cluster mining strategy, but he has been effectively out of action since December because of serious health issues.

Hayes stayed CEO until the beginning of June, when she brought in retired former Harmony CEO Graham Briggs to run Copper 360 and reverted to a non-executive director role.

A Copper 360 statement said the leadership change underscored her continued commitment to the company’s “growth and success, ensuring the insights and leadership she has provided to date remain available to Copper 360”.

Hayes tells Miningmx her role as CEO was “to fill a void and stabilise the company during a transitional period. Vision and grit built this company. Now we have brought in the leadership to deliver.”

Briggs has wasted no time in cutting through the corporate verbiage published so far and confronting the reality that Copper 360 is up against, which will require further funding to deal with.

The bottom line is that the prior forecasts made for Copper 360’s performance to date were wildly optimistic.

Nelson had guided a huge jump in copper production to at least 6,000t for the year to end-February from just 1,500t in the previous financial year, as well as the payment of an initial dividend.

The company expected to produce this copper from the Rietberg underground mine as well as its SX-EW plant and planned to have three recovery plants in operation by August 2024, which would be SX-EW, MFP2 and MFP1.

The Rietberg mine – which was supposed to transform copper production during the financial year – fell horribly short of expectations for a number of reasons.

These included the delay to the start of operations at the mine; the delay in capitalising the mine through providing the mining fleet and infrastructure; and the “prolonged tramming of broken rock and transitional ore at lower and inconsistent grades that also causes lower recoveries at the processing plant”.

Getting the SX-EW plant back to profitability will require a “second phase upgrade” to significantly increase output but the capital required to pay for this is only going to be allocated once the concentrate operations at Rietberg “are operating at a sustainable level”, he says.

Briggs now says he expects operations to reach an “annualised” production rate of 5,000t of copper “within six to 12 months”, which would come from reaching a throughput of 40,000t of copper ore a month at a grade of 1%.

He rejects suggestions that Copper 360 is a failing company, saying that it is resource-rich, lightly capitalised and only starting its transition to production with the Rietberg mine.

“I believe I can get this company back on its feet, but it’s going to be hard work,” he comments. Briggs says priorities are to get Rietberg up to full production and then to open up another mining operation, as well as complete the MFP1 processing plant, which he says is 85% finished.

“Rietberg is a trackless mining operation and it needs capital for equipment and then we need to get another mine going for continuity of production. Once those are going then it’s a case of getting consistent results.”

Briggs declined to specify at this stage how much money Copper 360 would need to raise but indicated it would likely have to come through the issue of new equity.

He commented, “When you are in a situation like this you have to look at what you can afford and we are looking at equity as opposed to knocking on doors at banks to get loans.

“It will be a significant amount of money and it is likely to come from new shareholders. Our current dominant shareholders would probably not want to follow any rights offer.”

Copper 360’s shareholders include Hayes – who has 58% – Coronation and the Ekapa consortium.



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Mining its own business: how Valterra spin-off plans to find its shine

BY DAVID MCKAY

LESS than a year after being appointed CEO of Anglo American Platinum (Amplats), Craig Miller was summoned to the office of Duncan Wanblad, the boss of parent company Anglo American. It was May 2024, Platinum Week, when the world's platinum group metals (PGM) miners went into a huddle, along with invited analysts, customers and investors.

As a crucial time of year, tensions were already high. Moreover, the PGM industry was in a price hole with more than 60% of South African production loss-making. "I was getting ready to speak to my customers, and then the evening before, I get a message: 'Come see me,'" says Miller of that time.

"What have I done?," adds Miller. "It was like being called to the headmaster's office." It was at that meeting that Wanblad explained his plans for the demerger of Amplats, ending a decades-long relationship.

Wanblad had planned a major overhaul of Anglo American from at least the beginning of the year, possibly earlier. Now, however, there was big urgency owing to an unsolicited takeover proposal from Australian group BHP a month earlier.

Miller acknowledges he was at first bewildered by Wanblad's plans, scheduled for completion within 18 months. While still earning his stripes as CEO, he was now finding the world was about to change for the company. As a listed subsidiary, Amplats had a cosy corner of the Anglo nest. Now, it was being kicked out.

Says Miller, up to this point an Anglo 'lifer': "I remember though leaving the office thinking this could turn out to be quite a good thing." A year later, demerger completed, that hunch is proving to be correct, helped by a concerted recovery in the PGM basket price. Where once most of South African production was loss-making, it's now making money (assuming a basket price for the three most important PGMs of \$1,500/oz).

Shares in Valterra Platinum, the new name of Miller's company, have surged. This is despite worries the demerger would see a significant sale of shares held by UK investors. Valterra's good health also comes after Anglo extracted a hefty R15.7bn full-year dividend from its platinum unit. Adrian Hammond, a precious metals analyst for Standard Bank Group Securities (SBGS), described the dividend as "poor governance" that left Valterra's balance sheet under-resourced. Miller discloses it could have been worse.

"They (Anglo) had aspirations [but we said] it's not possible; it's not feasible," he says, alluding to demands Anglo made that it should extract even more out of Amplats. This would have required



Born free: The Valterra team at the firm's demerger

Amplats/Valterra to take on “a bit more debt”. It’s also worth noting that Anglo had sold new shares in Amplats worth R16.8bn during 2024 in part aimed at minimising the flowback by expanding the share register, partly with new shareholders.

However, Miller stuck by his guns. Valterra wanted to stay cash-neutral, he says, adding: “It was a tough period; some very difficult discussions.”

As matters stand, Valterra is set to be in net debt by end-June. It encountered a difficult first quarter operating environment in which Tumela, a shaft in the firm’s Amandelbult complex, situated in SA’s Limpopo province, was flooded after 300mm of rain fell in a day. “It was a one-in-100,000-year event,” says Miller. “An estimated 100mm of rain fell between 2am and 3am.”

That will mean lower production, perhaps as much as a 33% decline in sales, according to Hammond at SBGS, slightly offset by the improvement in PGM prices. Another potential headwind for the Valterra share price is that Anglo kept a 19.9% stake in Valterra which it will be entitled to sell from September 2025. Yet Miller is hugely optimistic about Valterra’s prospects.

STEADY HAND

Valterra doesn’t have the opportunity of embarking on a huge cost drive – the go-to strategy of a demerged company. That’s because it already extracted R12bn in sustaining and capital expenditure earlier this year. Nonetheless, it can focus on carefully developing its PGM resources, especially its giant Mogalakwena mine near Mokopane. “As masters of their own destiny, Valterra should be able to unlock further value from

its quality asset base,” said Arnold van Graan, an analyst at Nedbank Securities in a report prior to the Valterra demerger. The group was “more nimble”, he said. It “should be able to unlock significant upside from its assets, especially at Mogalakwena”.

An underground expansion of the mine is being studied, but Valterra stresses there’s no urgency. Mogalakwena can produce one million ounces annually, roughly half of Valterra’s total managed production, for the next decade before having to extend underground. “We are still at the study phase,” says Miller of the possible expansion. A decision is not due until 2027.

As for the other assets in the group, Miller says there’s clear strategy. “Amandelbult is an older asset, and we’ll look to maintain production and realise cash flow. Mototolo and Unki [a Zimbabwe mine] are both good cash contributors. Mototolo has the opportunity to increase production, but we would only look at that post the completion of the Mogalakwena project,” he says.

As a new management team there has been some speculation about whether Miller would look to strike into other assets through mergers and acquisitions. Miller says there’s no need to venture outside the firm’s current boundaries. “My peers generated a huge amount of cash in the PGM cycle and started buying assets, not necessarily in the PGM space [Sibanye-Stillwater] and some fought one another for the PGM assets [Impala Platinum and Northam Platinum]. Whereas we took the opportunity of investing in downstream processing and returning it to shareholders. That’s that bit of the track record that we need to continue to leverage from,” he says.



Craig Miller, CEO, Valterra Platinum

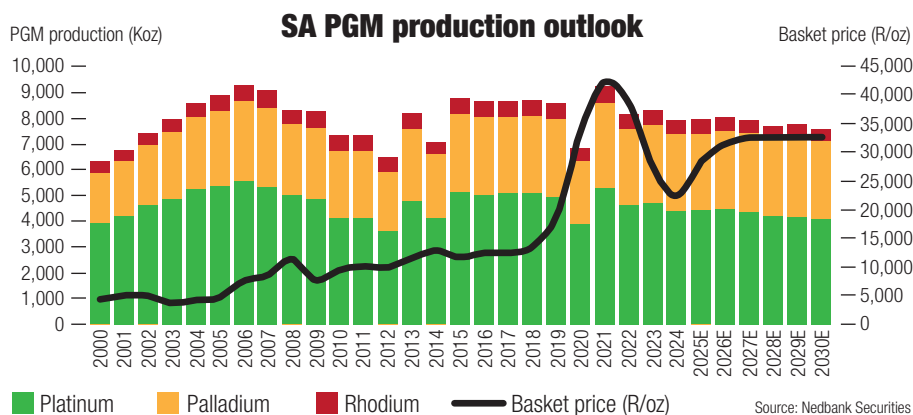
MARKETS

Miller’s plans aside, much depends on where the PGM market goes from here. In broad terms, a moderation in electric vehicle consumption in favour of hybrid petrol/battery versions, which use PGMs in autocatalysis, has breathed fresh life into the sector. That and the depletion of inventories by automakers. Jewellery demand has also revived. On the downside, macroeconomic growth is uncertain.

Van Graan says the PGM market is out of the downcycle. Other analysts agree. “[A] multiplicity of factors are seemingly converging to catalyse what could be the beginning of another upcycle in the PGMs,” says Investec Securities analyst Nkateko Mathonsi in a June report. “We are staying long.”

Perhaps, though, the greater factor of market balances is supply, especially from SA where the industry is undercapitalised from previous cycles. Nedbank’s Van Graan estimates that the number of operating shafts in SA’s production base has decreased to about 53 from about 61 in 2017. This number is expected to drop to roughly 47 shafts by 2030. Says Van Graan: “We thus expect production to fall short of current expectations. This prospect of flat and declining production should be bullish for PGM prices.”

Valterra is one of Investec’s picks in a possible upcycle while for Stephen Friedland, an analyst for UBS in Johannesburg, it is the preferred pick. “Valterra’s higher margins and lower platinum exposure make it the least sensitive in the peer group,” he says. The company “continues to screen best on valuation grounds” while further efficiency gains are in the offing.



No regrets for high-riding Froneman

NEAL Froneman, Sibanye-Stillwater founder, has called an end to a career at the precious metals miner. Looking back, he has little to no regrets, saying his company scored great victories in diversifying and becalming South Africa's bully-boy unions, writes **ED STODDARD**



Neal Froneman, outgoing CEO, Sibanye-Stillwater

SIBANYE-Stillwater, created in 2013 as a spin-off of Gold Fields' South African assets, has always been defined by its founding CEO, Neal Froneman, a larger-than-life figure who is stepping down from the helm on 30 September.

A dealmaker of note, Froneman led Sibanye-Stillwater's drive to diversify its asset base and geographical exposure, transforming a South African gold producer into a major-league platinum group metal and battery metals player with a global footprint.

Along the way, Sibanye-Stillwater and Froneman have had some bruising battles with unions and the South African government. But the blunt-speaking Froneman is not one to blink.

In a wide-ranging interview with Miningmx, Froneman said he would not have done anything differently in terms of strategy and that his legacy has been value creation.

He also provided some snippets on Sibanye-Stillwater's origin story during a period of violent labour unrest in South Af-

rica's mining sector. "When you look at the big picture, I think that the biggest accomplishment is the value that we have created as a company. If you drill down to it in a bit more detail, as a company we have built a diversified, globally competitive mining and processing business," Froneman said.

"I compare it to some of our sports teams, especially rugby. We are underdogs and we compete on an international stage and that to me is the most significant and if I put it into actual numbers, our market cap has

'We are underdogs and we compete on an international stage and that to me is the most significant'
– Neal Froneman, outgoing CEO, Sibanye-Stillwater

gone up eight times in that period and we have returned over R40bn to shareholders."

ORIGIN STORY

Sibanye-Stillwater was conceived against the backdrop of mounting labour militancy. The Association of Mineworkers and Construction Union (Amcu) under the charismatic Joseph Mathunjwa dislodged the National Union of Mineworkers as the dominant union in the platinum shafts, triggering a vicious turf war and the wildcat strike at Lonmin's Marikana mine that culminated in the police shooting dead 34 striking miners in August 2012.

That turf war then spread to the gold sector. As the unrest unfolded, Gold Fields' CEO Nick Holland crafted a vision for his company that would entail a pivot to mechanisation and global assets.

Froneman, at the time CEO of Chinese-owned Gold One, was looking for new acquisitions in South Africa.

"As Gold One we were looking to buy Driefontein from Gold Fields as it had

become a non-core asset. And we set about doing a due diligence on Driefontein. And at the end of the due diligence, we found that we could not acquire it in a tax-efficient manner and Nick saw that and he said to me that he had another plan regarding these non-core assets, he's going to unbundle them," Froneman said.

"I went back to my Gold One executive and said this is an opportunity to continue building on our philosophy and I said we need to do it and for us to do it I need to volunteer."

Froneman went back to Holland and said he would lead the unbundling process, and the Gold Fields board agreed.

"Nick came back and said 'get on with it'. All credit to Nick," Froneman said.

EYES WIDE OPEN

Asked if it was risky to take on conventional, labour-intensive mines during this explosive period, Froneman replied: "We went into it eyes wide open. That was one of the things [labour unrest] that worried Nick. But to me at the time not at all. I saw that when you look at the total cost of ownership, well-capitalised, labour-intensive assets can create a lot of value for their owners. I also was of the view – and I shared it with Nick – that the big mining houses had

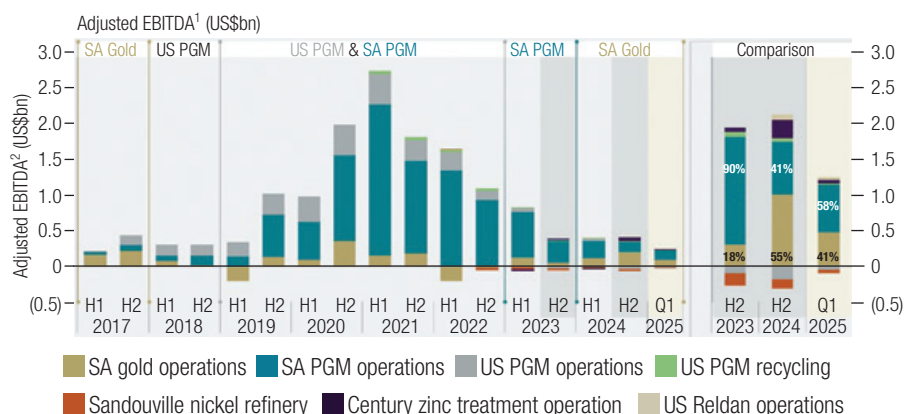
become soft with the unions. They had lost their way," Froneman said.

"The way to be firm with unions is to win the hearts and minds of your employees. And in the first few years, that was exactly what our focus was. We started doing what companies should have been doing and unions became less impactful."



Richard Stewart, CEO designate, Sibanye-Stillwater

Sibanye-Stillwater's diversification of earnings



Stabilisation of earnings through proactive operational restructuring and increasing gold and recycling contribution (diversification benefits)

1. The Group reports adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) based on the formula included in the facility agreements for compliance with the debt covenant formula. For a reconciliation of profit/(loss) before royalties, carbon tax and tax adjusted EBITDA

2. Adjusted EBITDA is not a measure of performance under IFRS and should be considered in addition to and not as a substitute for any other measure of financial performance presented in accordance with IFRS

Source: Sibanye Stillwater

Wages for mineworkers have dramatically risen at a pace exceeding inflation – off a low base – at Sibanye-Stillwater and all other big South African mining companies in recent decades, while there have also been huge improvements in health and safety.

These trends have blunted the hard edge of union militancy, and labour unrest – a decade ago a major risk factor in South African mining – has significantly faded in recent years.

In Sibanye's case, Froneman said its approach was rooted in its concept of an Umdoni tree. Its canopy represents the company's stakeholders including communities, unions, shareholders and employees, and each of them has equal importance.

"Amcu had grown into this organisation which was just a bully. And government tried to bully us," Froneman said. "The tree became a way of diffusing these situations ... When the unions made demands we asked, 'What stakeholders are your demands going to impact in the wrong way?'"

"We will not allow that because you are abusing another stakeholder, we are management and we are going to keep a balance and make sure that employees are looked after and if you try and abuse another stakeholder, we will stop that."

Froneman said that this stakeholder capitalism informed its approach to changing

‘Amcu had grown into this organisation which was just a bully. And government tried to bully us’ – Neal Froneman, outgoing CEO, Sibanye-Stillwater

the dialogue around Marikana – Sibanye acquired Lonmin and its assets in 2019 – and to begin the healing process on a wound that remains raw on South Africa’s body politic.

WORST INCIDENT

Froneman has had some sleepless nights along the way and he told Miningmx that the worst period was 2018, when 12 Sibanye employees were killed in two separate incidents.

Seven were killed in a seismic-induced fall-of-ground accident at the Driefontein Gold mine in May of that year and in June, five lost their lives in a heat-related accident at the Kloof Gold Mine.

“Both incidents were not system breakdowns but what became very clear was that

they were a breakdown in values. And we thought our values were owned right throughout the company and people would make decisions based on our values.

“That was a very traumatic period,” Froneman said.

Asked if he would have done anything differently in his more than 12 years in the Sibanye driving seat, Froneman said he really had no regrets when it came to strategy. “We were asked that question for a presentation at an indaba [conference] about a year ago, so we got the C-suite together and asked if we would have done anything differently.

“We made mistakes and could have done some things better. We would have speeded up our pivot into battery metals but we couldn’t. When I relook at it, our strategy remains valid. There is nothing that we would have not done and some things that we would have done better.”

Mistakes would include the company’s ill-fated attempt to acquire the Santa Rita nickel mine and the Serrote copper mine in Brazil from Appian Capital for about \$1bn. Sibanye-Stillwater pulled the plug on the deal after a “geotechnical event” at Santa Rita.

The High Court of England and Wales ruled last year that Sibanye-Stillwater’s decision to cancel the transaction was not



Nick Holland, former CEO, Gold Fields

justified. Appian is now seeking \$722m in damages in a trial set for later this year.

So, mistakes have been made but the reasons for Sibanye-Stillwater’s diversification drive were and remain sound. Exposure to one commodity is a downer when the price cycle turns south, and exposure to South Africa’s fraught political and social environment is a red flag for a mining company’s risk profile.

Froneman has at times stirred hornets’ nests. In 2022, his R300m remuneration package made unions see red. In his typically combative style, the unapologetic Froneman said that it reflected the value created and that his cash salary was only one-tenth of the package. The rest as shares was a long-term incentive.

The torch at Sibanye-Stillwater will pass to Richard Stewart, a highly regarded miner who has been the company’s chief regional officer for Southern Africa. Soft-spoken and deliberate, Stewart will bring a contrasting style to the C-suite.

Miningmx interviewed Froneman on a Teams call and he was wearing a Harley Davidson sweater. It turns out he owns several of the classic motorbikes, and that is perhaps fitting. He has roared into the mining sector like a leather-clad biker, engines revving and ready to rumble.

Stakeholders, analysts and bankers will debate his legacy and some may see holes in the canopy of the tree. But there is no question that Froneman – like a Harley burning rubber on the pavement – has made an unmissable mark on the mining landscape.



Joseph Mathunjwa, president, Amcu

All points north for DRDGold?

DRDGold may be 130 years old, but CEO Niël Pretorius has his sights set on expansion beyond South Africa's borders. The tailings specialist is courting opportunities in Zambia, hoping to partner with major miners to extract value from their waste dumps, writes **BRENDAN RYAN**

DRDGOLD turned 130 this year, making it by far the longest-lived company listed on the Johannesburg Stock Exchange and – according to CEO Niël Pretorius – the company has “at least” another 15 years of life left, drawing on the two capital projects currently under way.

But there could be a lot more to DRDGold's future than just the present expansions at its Ergo division on the East Rand and the new Far West Gold Recoveries (FWGR) operation on the West Rand, which is treating dump material from the former Driefontein, Kloof and Libanon mines. “Hopefully, within those 15 years more opportunities will arise so that maybe we can expand and extend. There's lots of stockpile out there. Remember, Ergo was a 12-year project when we started it up in 2008,” says Pretorius.

Those opportunities lie both within South Africa and also north of its borders, particularly in Zambia where DRDGold is keen to get involved and has been making overtures – so far without success.

Pretorius comments: “I would love to go outside South Africa after the assets to the north of us. There are big companies operating there like Barrick Gold and AngloGold Ashanti that have fantastic operations but which are mature operations.

“I would love to partner on a venture optimising whatever is left from those operations from a tailings perspective. We are keen to get more copper and gold assets. We want to diversify and we are knocking on doors but, at this stage, we are not getting through the doors.

“Zambia is an increasingly attractive jurisdiction and there are loads of tailings there as well. If an opportunity presents itself we

would be interested. We would like to play there. We have indicated our interest but so far there have been no takers. We will be good partners. We won't embarrass you. Just ask Sibanye-Stillwater,” Pretorius says.

Sibanye-Stillwater is the controlling shareholder in DRDGold and holds the key to future potential diversifications and expansions into other metal recoveries, in particular platinum group metals (PGMs) and uranium.

It was the link-up with Sibanye that made the Far West Gold Recoveries operation possible because Sibanye owned the mine dumps now being treated by DRDGold.

The cost of that deal was giving Sibanye control – which did not go down too well with some DRDGold investors at the time

– but Pretorius reckons it was absolutely worth it. “At the time we had Ergo with a 15-year life but then there was nowhere else to go. The FWGR project was the best available in South Africa, if not the world, although we excluded the uranium assets from it up front to focus on the Libanon, Kloof and Driefontein cluster.

“Doing it required a leap of faith because Sibanye-Stillwater's outgoing CEO Neal Froneman insisted on taking a controlling stake in DRDGold. Part of that arrangement involved Sibanye kicking in \$80m with no strings attached to take full control. That was the largest, single investment ever made into DRDGold. The transaction has worked out very well.”

Froneman has since announced his retirement, to be replaced by former



Ergo plant



Niël Pretorius, CEO, DRDGold

COO Richard Stewart, of whom Pretorius comments: “He’s the man that we negotiated the transaction with so he’s a known entity. I know him better than I know Neal Froneman.”

A key part of the plan was to look at

diversification into recovering other metals – in particular PGMs – from Sibanye’s mature platinum mines which it had bought from the former Anglo American Platinum and Lonmin, but that has not worked out so far.

The reason lies in the complex corporate and BEE structures of the companies that Sibanye has taken over.

Pretorius comments: “The gold deal with Sibanye was easy. There was one shareholder. The platinum portfolio is made up of different subsidiaries purchased over time from a number of different companies, each of which has its own BEE structure.

“Also, the same orebody can be owned by different entities. Some people have an interest in just the chrome content. So it’s a very complex corporate structure which

makes it just too hard to divvy up and put into one thing. It should eventually happen but there are practicalities that need to be dealt with.”

In terms of what happens next in South Africa, Pretorius stresses that DRDGold’s limited processing capacity means that it is not looking for joint ventures. It wants full ownership of anything it tackles.

“We have enough of our own material to fill our capacity for the next 15 years. We cannot dilute ourselves and we have to own 100% of what we treat.”

MANAGING SOUTH AFRICA

Pretorius has no worries about operating in South Africa despite the continuing issues between the mining industry and government. “What we do is determined by the quality of the orebody. After that question is settled then we look at what are the things that get in the way of exploiting the asset.

“Some may be insurmountable but the issues we face in South Africa are not

Burnt by ‘braai talk’

FORMER DRDGold CEO Mark Wellesley-Wood once famously dubbed the company the ‘Roodepoort Rocket’ because of the way in which the share price took off in response to a rising gold price. The reason was the highly marginal nature of DRDGold’s then largely underground mining operations, which shot up in value on a rising gold price. The downside was that the share price could – and frequently did – fall off a cliff when the gold price turned down. DRDGold was, in effect, a proxy for the gold price and that was something that always niggled at current CEO Niël Pretorius, on whose watch DRDGold has shut down all its underground mines – Durban Roodepoort Deep, ERPM and Blyvooruitzicht – and become a large-scale dump retreatment operation. Pretorius comments that “it all started with the Crown Mines retreatment operation when it became clear that Crown Mines was the most reliable source of cash flow in the group as the under-

ground assets just became tougher and tougher to run”.

But DRDGold’s reputation as the Roodepoort Rocket is still very valid in the minds of gold investors, despite the fact that they could lose a lot of money if they time their investments incorrectly. Pretorius actually warned shareholders against buying DRDGold shares back in 2020 – the last time the share price shot up – cautioning that trade in the volatile stock was best left to the professionals. Pretorius is sounding those warnings again with DRDGold having hit record levels above R30 a share on the back of the gold price going above \$3,000/oz. He comments: “Our share price is at record levels and, yes, I think DRDGold is worth buying but you need to do it through a professional investor – someone who under-

stands the dynamics of the gold market. “We could do really well but our share price could still lose between 5% and 15% in value because of global gold sentiment. So I think we are a ‘buy’ at R28 a share in the long term but, in the short term, your R28 might become R18 in the next three months.

“Don’t use braai talk to inform your investment decision or take advice from your nephew who is a second-year economics student. Take your savings to a professional,” Pretorius cautioned.



Blyvooruitzicht mine in 2013 before it was reopened

Dean Hutton/Bloomberg via Getty Images

insurmountable. They are annoying and they take effort but, add it all up, and you can still do incredibly well here. Just ask Harmony.

“South Africa is a constitutional democracy. We will not go into a country that does not have a system of checks and balances like we have here.”

DRDGold has also been careful not to overextend itself in what it has tackled. It acquired control of the Ergo tailings operation by kicking in capital to increase its equity stake as former controlling shareholder ASX-listed Mintails got into financial trouble and could not meet its capital commitments to the project.

But DRDGold shied away from the Mine Waste Solutions project subsequently acquired by Harmony, which has developed it.

Pretorius comments: “We looked at Mine Waste Solutions but it was going to require a lot of capital and we just did not have the capacity to do that. Plus at the time MWS was subject to a very onerous gold hedge

and we were not going to bring that into our business.”

The booming gold price has greatly helped DRDGold in its current expansion phase, which has involved spending some R10bn in capex to complete the FWGR operation and build a solar energy plant at Ergo.

That campaign is now in its second financial year, with Pretorius commenting that DRDGold had expected to be in a net debt situation at this stage. Instead, the company

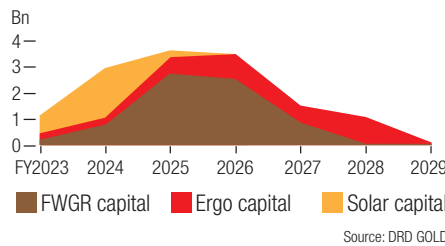
still held cash of R661m at end-December despite a net cash outflow of R964m on investing activities. “The situation has been unprecedented,” says Pretorius. “Way beyond our expectations and we have accelerated our capital expenditure but it is harder to spend money than you would think.

“All the pipes required have been bought and are in the yard. The big capital spend comes this year – year two – and then we will be over the hump. Year three capex will be high but a lot less than this year.”

This expansion has come at the cost to DRDGold shareholders of what can only be described as “stingy” dividends despite the gold price boom, but Pretorius maintains it will be worth it.

He told an investor presentation in August last year that: “Three years from now when we are not spending R2bn to R3bn a year in capital and we have a different revenue profile with a relatively attractive cash cost profile, then – you run the numbers. We can make up for the dividends.”

Ergo and FWGR capital scheduling



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Gold boom, copper bet

Harmony Gold's share price has trebled since January 2024. CEO Beyers Nel tells **BRENDAN RYAN** what changed at the company, how much of the gains are down to higher gold prices, and whether the planned Wafi-Golpu copper project will ever get off the ground

OF all the recent developments in the South African mining industry, the transformation of Harmony from JSE “dog” to “rock star” over the past 18 months has to be the most dramatic. From January 2024, the Harmony share price trebled to a peak of around R330 in April 2025 before pulling back to levels around R250 as of mid-June.

While the surge in the gold price has had a lot to do with this, the foundations of this turnaround were laid in 2016 when previous CEO Peter Steenkamp was appointed. The roots for what is still to come – the development of the Wafi-Golpu copper/gold project in Papua New Guinea (PNG) – date back to

Steenkamp's predecessor, Graham Briggs. Newly appointed CEO Beyers Nel readily gives credit to his predecessors as well as to the booming gold price, without which he admits Harmony would not be in the sweet spot it is today.

Miningmx has pointed out on a number of occasions that Steenkamp was fortunate in having a favourable gold price from the time he took up his post, and those fair winds are continuing. At the current gold price of around \$3,400 per ounce, Harmony is raking in just under R2m/kg on its gold sales, while its forecast ASIC (all-in sustaining cost) for the current financial year is R1.1m/kg.

But there's a lot more to it than the gold price because you have to produce the gold in the first place to benefit from the price boom.

Nel – a Harmony ‘lifer’ who joined the group in 2003 – was appointed COO under Steenkamp in 2016, and he describes the time since then as the most rewarding part of his career so far.

“Prior to 2016, Harmony always over-promised and underdelivered. We were always lower on ounces and higher on costs. We overhauled the entire planning process, and I am super proud that since 2016 we have met guidance or beaten it, except for the year of Covid.”

Nel reckons that operating performance turnaround, with the favourable gold price and the acquisition of AngloGold Ashanti's Moab Khutsong and Mponeng mines, are the three factors which – combined – resulted in Harmony's rerating.

He believes a key part of the rerating came from the five-year wage deal that Harmony signed with the unions. Labour is Harmony's largest expense, accounting for 55% of its cost basket, unlike many large gold operators outside SA where energy costs are dominant.

He comments: “We won't see hyperinflation in our costs and, on a relative basis, Harmony has improved its cost performance far better than many other gold groups.

“We got the production machine to work while gold prices were high, and those two deep AngloGold Ashanti mines that nobody wanted now contribute 50% of Harmony's operating cash flow as of today.”

Put it all together and that's why the Harmony share price has trebled over a period when the share prices of industry



Beyers Nel, CEO, Harmony Gold



Peter Steenkamp, former Harmony Gold CEO

gold leaders Newmont and Barrick have delivered lacklustre improvements.

Next up is Harmony's major diversification into copper, which Nel is set to deliver, following through on Steenkamp's strategy.

He comments, "Mining is not the type of business where you can change the strategy every time you change the leader. It's a long game. Harmony is on a good trajectory, and I am a great believer in, 'If it ain't broke, don't fix it.'"

"So I see my role as a continuation of the strategy. There will be tweaks here and there, but we have a clearly laid-out pathway.

"I see my key objective as to position Harmony with all the strategic steps we have taken in the medium term to build Wafi-Golpu. That is the big prize. If we can add Wafi-Golpu on top of the transformation that has already been done, then that really ratchets us up."

Nel describes Wafi-Golpu as "a game-changing asset", commenting: "Look at the scramble at the top of the mining industry to get copper assets. Look at the top dollar prices being paid.

"Wafi-Golpu is a tier-one bulk copper mine. It will be a block cave operation which, to a mining engineer, is the 'gift that keeps on giving' once it has been set up. That's why Harmony is a strategic

investment for ARM (African Rainbow Minerals). They see the value of Wafi-Golpu, but many others do not."

Developments at Wafi-Golpu have been stalled at the permitting stage, apparently because of political issues, but Nel reckons resolution could be close. "We think we are close. There are one or two sticking points still to be ironed out, but I am confident we will get that special mining lease (SML) before the end of 2025."

Some analysts believe the delay on the SML has done Harmony a favour because one of the longest-running debates over the project concerns Harmony's ability to pay for its share. Wafi-Golpu is currently held 50/50 between Harmony and Newmont, but the PNG government has the right to take a stake up to 30%.

"With our market capitalisation now around \$9.5bn, I think Harmony is in the best position it has ever been to participate in Wafi-Golpu," says Nel. "I can understand why people would challenge Harmony's ability to fund the project in Graham's time, but Harmony is now a different company."

Nel's confidence is despite Harmony's other major capex commitments, which are to extend the economic lives of the Mponeng and Moab Khotsoeng mines in South Africa and then build the Eva Copper mine in Australia. In addition to all this, Harmony has just bid \$1.03bn cash for the MAC Copper mine, also in Australia, which is an operating mine that will generate cash flow from day one.

Nel does not foresee any problems, pointing out that Harmony is focused on using its cash windfall from the booming gold

price responsibly. He comments: "Moab, Mponeng and Mine Waste Solutions all fund their own capital and create a surplus that flows back to the corporate kitty, so they don't draw on our capital.

"Eva lies ahead and will draw on our capital, but we don't foresee a problem funding that mine. MAC will kick into earnings from day one."

So what happens to all these lovely prospects if the gold price suddenly pulls back? Nel reckons Harmony is ready for such a contingency.

"We are better positioned to take a

'I see my key objective as to position Harmony with all the strategic steps we have taken in the medium term to build Wafi-Golpu. That is the big prize' – Beyers Nel, Harmony Gold

drop in the gold price than we have been historically. The quality of our portfolio has improved such that our positioning on the cost curve is much better than it was.

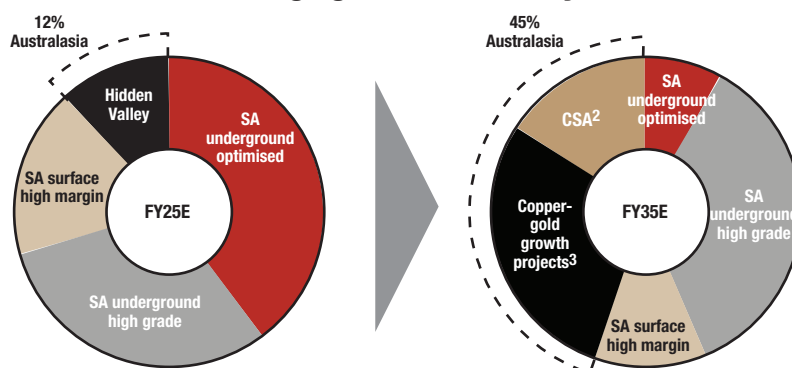
"Previously, Harmony was at the top end of the cost curve and therefore the first to go underwater when the down cycle hit. We have also been disciplined in maintaining a hedging programme to protect our downside, and our planning has been done on

very conservative gold prices.

"We have also weathered these cycles many times in my career. We know what levers to pull.

"If we can get through the next two or three years to add copper to our business, we will be less exposed to gold because the copper and gold prices tend to move in different directions."

The Changing Face of Harmony Gold



SOURCE: Harmony Gold

Gold Fields says there's more to its A\$3.7bn Gruyere deal than investors think

Gold Fields recently bid big bucks for Australia's Gold Road Resources, its JV partner in the Gruyere mine. Mike Fraser, CEO of Gold Fields, tells **DAVID MCKAY** why he thinks the market hasn't yet fully understood the deal

MIKE Fraser, CEO of Gold Fields, is hoping to convince investors there's another side of the firm's headline-grabbing A\$3.7bn takeover of Gold Road Resources. So far, he's frustrated that most of the attention has been on the 43% premium his company paid. Scheduled for completion in October, the transaction has unappreciated economic and mining benefits, he says.

"We keep on getting told this is a full price. But there's a couple of things that aren't well understood in the bid price." One is that Gold Fields will no longer be required to pay a royalty to Gold Road for sharing Gruyere, a 350,000-ounce-a-year gold mine in Western Australia.

Secondly, there's a \$300m tax advantage as Gold Fields can depreciate Gruyere across all its assets. However, the biggest benefit is still in the ground. Resources owned by Gold Road yet not in the 50/50 JV between the companies, in place since 2018, represent potential upside, especially as gold companies around the globe are paying serious amounts for replacement and growth ounces.

Last year, gold deals accounted for 70% of dealmaking by value in



**'We keep on getting told this is a full price ... but there's a couple of things that aren't well understood in the bid price'
– Mike Fraser, Gold Fields**

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the mining sector, according to a report by ratings agency S&P.

This year alone, CMOC bought Lumina Gold for \$581m; Ramelius Resources, an Australian firm, unveiled the \$1.5bn takeover of Spartan Resources; and in July Royal Gold, a royalties company, agreed to

conclude two acquisitions worth \$3.7bn. Two mini-pits in particular are of interest to Fraser, the Gilmour and Smokebush prospects. “Those will now fit into our development plan for Gruyere,” says Fraser.

The benefit of including these resources is it delays the push-back of the Gruyere

open-pit. “All of these we see as upside options to the underlying value. So even though we moved to the second bid, it was really just tracking how gold price had shifted,” says Fraser of the Gold Road deal.

“If you look at it where we think gold will hold over the next two years, the additional

South Deep belongs with Harmony – but it’s not for sale



Miners and managers ride on a vehicle to reach an operative area in Gold Fields South Africa Company's South Deep gold mine in Westonaria, Gauteng, on October 12, 2022

GIVEN all that he has on his plate, it is perhaps surprising that Harmony CEO Beyers Nel is still looking around for further merger and acquisition (M&A) opportunities. Nel says Harmony is still keen to grow in gold but notes there is not much left to go for in South Africa at this stage, although there are a couple of key targets that are currently out of reach.

Harmony has also become very picky in what it will go for, which stands in sharp contrast to the gold group's early days when it happily picked up the unwanted marginal gold assets being shed by the then South African gold majors.

“We like South Deep. We believe it’s a mine that in the longer term naturally belongs in the Harmony stable, but it’s not for sale. It also has a massive value on it now given where the gold price is, and all credit to Gold Fields and COO Martin Preece in that the mine is now performing a little better than it has historically,” said Nel.

He said Harmony had not made a formal approach to Gold Fields over South Deep.

“DRDGold is also an asset we really like – it’s also not for sale and the situation is complicated by the fact that Sibanye-Stillwater has control.”

Nel reckons that Sibanye-Stillwater’s South African gold mines might be for sale, but Harmony is not interested in those. “We don’t really like Sibanye-Stillwater’s gold mines if you look at their cost profile. Arguably, those are for sale, but they would not improve the quality of our gold mine portfolio. Part of what we managed to get right at Harmony is making a shift to the left on the cost curve. To some extent the Sibanye assets would do the opposite.”

The bottom line seems to be that with the solid foundation of the two large and high-grade operations it now owns – Moab Khotso and Mponeng – Harmony has moved into another league. Nel says the group is enjoying the “phenomenal” gold price but is remaining conservative in its mining approach and is not being “lured” into dropping its cut-off grades and looking to mine lower-grade, more marginal sections just to increase gold output.

He agrees that approach puts the group’s marginal Free State operations – mines such as Joel, Masimong, Target and Tshepong – squarely in the firing line if the gold price were to turn down.

“These are the mines that we have not necessarily allocated major growth capital to,” said Nel.

“We are mining them for cash and we are investing in ongoing capital development which we roll over if the gold price stays strong. So these are the mines that would be in trouble. They are important to us now because they still account for around 40% of our production, but if they came off, it would not be the end of the world. Their margins are thin and we would have to react if the gold price came off.”

value will be baked in very easily,” he says. Knowing when to expand, close or sell and buy an asset will be a differentiating factor for gold firms in the future, says Fraser. He mentions this when he’s asked about where Gold Fields is now in managing its ‘gold cliff’, or steep decline in annual production. The question is a throwback to a previous management decision to bid \$6.7bn for Yamana Gold, a Canadian firm. The offer, which failed and cost Gold Fields’ then CEO Chris Griffith his job, was motivated by shareholder concerns of a drop in annual output from 2.7 million to about two million oz annually.

“It’s not about avoiding cliffs as such,” says Fraser of Gold Fields today. “I think it’s about, can you get really smart around capital allocation and invest money in the right places to improve the quality of your business,” he says. Gold Fields’ Granny Smith mine in Australia is an example. It has only 10 years left of mining yet an investment in its materials handling could

double its life. “But then,” says Fraser “you’ve got to say, is that the best use of your capital to put into that?”

At the time of writing, shares in Gold Fields had gained 46% in the past 12 months. It’s an excellent performance but it pales against its rival AngloGold Ashanti.

‘Being in the index in South Africa [makes] it very hard for investors to be overweight [the share] because you know, then you’re taking risk’ – Mike Fraser, Gold Fields

AngloGold last year ditched the JSE as its primary listing and redomiciled from Johannesburg to London.

These factors, which have the double benefit of exposure to different indexes and a better credit rating, might well be in that performance, in addition to AngloGold’s strong cash cost control.

It raises the question as to whether Gold Fields will consider making a similar move. Fraser is a shade more open to the discussion than predecessors. Redomiciling is not to be ignored but it’s not a priority. “I still think the bigger value drivers for us are the opportunities in our portfolio to improve our business,” he says.

“But having said that, I also am fully cognisant of the fact that what will drive share price is also being able to be attractive to international investors who form the incremental investor base. Being in the index in South Africa [makes] it very hard for investors to be overweight [the share] because you know, then you’re taking risk.”

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Mark Bristow, CEO, Barrick Mining Corp.

Playing the long game

It's been a difficult 12 months for Mark Bristow's Barrick Mining, with problems in Mali and underperformance of the firm's share price against peers. But Bristow has been in the crosshairs of adversity before, writes **DAVID MCKAY**

MARK Bristow describes the impasse with Mali's government over its allegations of unpaid taxes as the most stressful situation he's had to manage. That's saying something. Bristow's African mining career spans more than 31 years, starting with Randgold & Exploration in 1994 and culminating in the 2019 merger of Randgold Resources with Barrick Mining Corp, the Canadian firm he intends to run until 2028, when he plans to retire.

At the time of writing, Mali's military junta, in power since a 2021 coup-within-a-coup, had put the ~700,000 (on a 100% basis) ounce a year Loulo-Gounkoto into administration, effectively taking over its management. This is a cause of major

discomfort for Barrick. "There's no way that we can allow strangers to get access to our SAP platforms and we have since terminated access," says Bristow.

That's just one hazard of government's on-site control of the operation. Another is the mine is potentially endangered operationally. Ironically, the most qualified to operate the mine are the four Malian executives, employed by Barrick, imprisoned by their own government on trumped-up charges. Says Bristow: "They are top-flight engineers and geologists and accountants. While we support them and we talk to them, it's the most stressful thing I've ever managed – a situation like this."

Right now, Bristow sees no option but to press ahead with international arbitration

in order to solve the dispute with Mali, a process he believes will be speedier than many imagine, if that's the route events take. "It's the only lever we have," Bristow says, adding that Barrick remains open to a negotiated agreement.

The dispute with Mali reaches back more than 12 months after the junta enacted a new mining code in terms of which it insisted on a new ownership model, and increased taxes. Barrick has made additional payments to government, but a final agreement is currently out of reach, despite nearing a settlement on three separate occasions, each time rowed back by government.

It's made for a difficult time for Barrick. While shares in the company have benefited from the sky-high gold prices, it

has not performed as well as peers. “We like Barrick for its solid asset-base and excellent exploration potential but see this constrained by ‘resource nationalism’ at its Mali asset,” commented Bank of America analysts earlier this year. They also pointed to “difficulties at Pueblo Viejo”, Barrick’s Dominican Republic mine. According to Scotia Bank’s Tanya Jakusconek, Barrick’s production guidance for the 2025 financial year was also slightly disappointing.

Bristow acknowledges there’s been underdelivery in parts of Barrick’s recent operational performance. In a comparison of 12 gold companies, Barrick reported the second-highest all-in sustaining costs in the first quarter. Yet Barrick leads the line in other metrics. Along with US rival Newmont, Barrick spends the most on exploration and evaluation.

Bristow thinks the firm gets no credit in its valuation for its strategy of reserve development. The market, he believes, is rating short-term wins instead of valuing long-term gold reserve growth. This is not a new grumble of Bristow’s, but it’s been given greater weight by the performance of the gold price recently.

A 40% improvement over the past 12 months, to current levels of about \$3,300/oz, has seen gold company operating margins shoot through the roof. Dividends as a percent of operating cash flow among the top 12 gold miners, including Newmont, Agnico Eagle and AngloGold Ashanti, have increased to about 15% in the first quarter of 2025 from only 5% ten years ago.

Bristow, however, thinks gold reserve development has been ignored, and not just recently. “Since 2015, the gold price has been going up to where it is today. So it’s continually allowing the industry to mine on the margin, which means you’re not really mining long-life reserves. You’re mining the margin built by the gold price, and your sustaining capital is relatively low.

“The big thing in the gold industry is that optionality, that long life, and I learnt that very quickly – that you need long-life mines,” says Bristow. “And the gold industry survives on 10-year life of mine and less. If you look at the gold industry today, there are not many plus-10-year life businesses, gold businesses.”

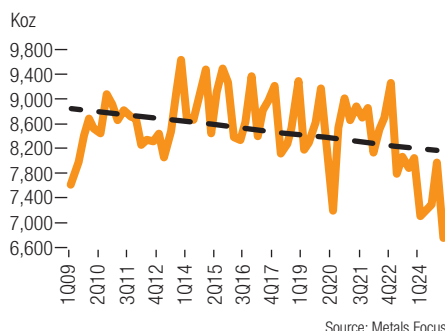
Barrick has replaced 110 million ounces

in gold reserves, which are economic at a \$1,400/oz gold price, at an average \$10 per ounce. It’s an effort though that comes with risk and high capital.

Breathing fresh life into Reko Diq, a prospect in northern Pakistan, has proved contentious. Barrick has also extended and expanded Lumwana, a large copper mine in Zambia. The two mines are worth 35 years plus in gold equivalent production, Bristow says. Other mines such as Kibali, Nevada Gold Mines (held in joint venture with Newmont), mines in Tanzania as well as Loulo-Gounkoto and Kibali in the Democratic Republic of Congo, have economic reserves worth 15 to 20 years each.

Set against this, co-product adjusted output from the major miners has been on the decline since 2009, down to about 6.6 million oz in the first quarter of this year (see graph). The sight of a diminishing sector has failed to attract new investors into the sector, says Bristow. This is despite what’s been happening with the gold price. “We haven’t attracted the generalist investor, and the investors have become shorter and shorter term,” he says.

Equivalent Gold Production



What’s critical to note about Bristow is that his philosophy is shaped by his professional schooling in geology. Deposits, formed over millennia, can take more than a generation to find and build – a time perspective at odds with the investment sector’s quarterly roster. So enraged was Bristow during one round of investor calls several years ago that he dubbed critical analysts “quacking ducks”.

Nonetheless, Barrick’s recent cost underperformance, and the zero-sum game adopted by Mali’s junta, has thrown the

‘We are attracting a discount because people feel that I’m putting more capital into growth and I should be paying dividends. That’s not the investor I want to attract. I want to attract owners who are going to come for the ride with us’ – Mark Bristow

spotlight on whether Bristow has lost focus. The Financial Times recently reported Barrick’s board had “formalised” the CEO succession process. (Although it’s perhaps also worth acknowledging Barrick chair John Thornton’s comments last year after taking up non-executive duties at the group. “Who needs to be an executive when the CEO is Bristow,” he said).

Bristow is relaxed on the matter. “People are trying to find excuses for the discounts,” he says. “We’ve got to deliver on this build-out [of projects]; we’ve got to deliver on Nevada [Gold Mines], and it’s coming. We stumbled over Mali, but not through anything we did.

“At the end of the day, I’ve been very clear that my plan is to leave at the end of 2028, when the two big projects – Lumwana and Reko Diq – would be in the process of commissioning. And it’s a good time to leave. We’ve told the market that already last year, and we are working on succession,” he says.

In the meantime, the market appeared to be waking up to Barrick’s strategy, Bristow says. “Analysts are at least starting to recognise our net asset value. That’s a great first step, because we are getting out of that challenging rebuild phase.

“We have been attracting a discount because people feel that I’m putting more capital into growth and I should be paying dividends. That’s not the investor I want to attract. I want to attract owners who are going to come for the ride with us.”

From DRD to Gold Road: the quiet rise of Ian Murray

BY DAVID MCKAY

SOME people are destined to be accountants; others feel they should have a seat on a beach somewhere. Occasionally, there are individuals who get to do both. Enter Ian Murray, possibly one of South Africa's least heralded mining exports. As well as having mining success, he's never lost touch with a lifelong passion for windsurfing, acquired on the beaches of East London.

Murray is currently non-executive chair of Jupiter Mines, a Sydney-listed business which has a 49.9% stake in Tshipi, a profitable manganese mine in the Northern Cape. The mine was headline news recently when Exxaro Resources, a Johannesburg-listed coal company, bought a 50.1% stake in Tshipi from Saki Macozoma's Safika Holdings.

Murray's major claim to mining fame, however, was as MD of Gold Road, another Australian firm that is currently under bid from Gold Fields. In May, the South African miner offered A\$3.7bn for Gold Road, representing a 43% premium to its then share price. If completed, this will represent a major success for Murray who was key to establishing Gold Road's Gruyere, a gold mine.

Murray started out in the corporate world at Durban Roodepoort Deep (now DRD-Gold). After serving as its CFO for several years, he left South Africa for Brisbane to manage DRD's Australasian business. But he found the twice-monthly commute to Johannesburg exhausting.

So he retired in 2004 for two years in order to windsurf and make good on a promise to take his children on a six-month around-the-world holiday. Life in South Africa as CFO was complicated and hard. This was the period in which then CEO of DRD, the late Mark Wellesley-Wood, warred



Murray 'threshing the wave' recently

with the late Brett and Roger Kebble. Bullet-proof cars and bodyguards were de rigueur.

It was no way to live, reflects Murray in an interview from Germany where he lives part of the year. DRDGold is now a successful gold retreatment business, but as DRD the long-running enmity between Wellesley-Wood and the Kebbles didn't truly end until all three died – each of them by means of the gun. It closed the book on one of South Africa's most colourful and tragic corporate sagas.

Two years into retirement in Australia, Murray was approached by Gold Road's founders, who had started a company called

ElectroMining. Murray liked what he saw but was keen to get the company's name right. "If you're exploring for gold, you need to have gold in the name," he says. "People need to understand from the name what you're doing." Gold Road became the full name after the discovery of gold prospects in the Yamarna Belt, about 1,200km north of Perth – a long 12-hour road trip.

The area had been drilled by WMC, the then large Australian miner, but without any success. Murray says it was pure good fortune his geologist struck decent grades. "The geophysicists came up with 15 different targets. Only one delivered. Fortunately, it was the first one we tested, and not the last

one,” he says. That was Gruyere, so called because, in another casual approach to naming, Gold Road’s executives were having a cheese and wine while deliberating over the deposit.

Gruyere today is an open-pit mine ramping up to about 350,000 ounces a year in output. Gold Fields’ then CEO Nick Holland leapt at the chance of a joint venture in Gruyere with Gold Road. For its part, Gold Road was only too pleased to accept Gold Fields as a partner. Competing bids sought outright control. In contrast, Gold Fields was happy to accept a 50/50 joint venture and operate the project – the latter a fairly uncontroversial element of any such deal given the South Africans were better resourced, operationally.

It’s arguable whether Gold Fields is now paying heavily for not insisting on a controlling stake given the hefty premium it’s paying for the balance of Gruyere. But Murray doesn’t agree.

“Gold Fields is getting a good price for the underground potential of Gruyere which is not reflected into the market. Gold Road shareholders are also getting a good outcome,” he says. Gold Road used to trade below A\$2/share against an offer of A\$3.30/share. “It’s a big premium for existing Gold Road shareholders, but I think there’s more upside for Gold Fields,” says Murray.

“In the long term they [Gold Fields] will be happy with this acquisition.”

In any event, Murray got out of Gold Road in 2018 while Gold Fields was building the mine. But he remains a shareholder and is keen to see the takeover completed later this year. The profit he stands to pocket from it – he wisely declines to specify – allows him to pick and choose what he wants to do next.

Citing the advice of former Harmony Gold financial director Frank Abbott, Murray says he decided a long time ago when he didn’t need to work anymore. “I was never going to be like lots of people in this industry who just keep working, working, working. For me, it’s once I got to a certain amount – and it was through Gold Road – I could actually chill out.”

Even while studying accounts at the University of Cape Town Murray somehow managed to park work in order to windsurf. As sponsor-financed he was able to take a



Ian Murray, non-executive chair, Jupiter Mines

full term out to compete on the South African windsurfing circuit. When he got back to UCT he copied a friend’s notes and came first in accounts that year.

Jupiter Mines is a different proposition to Gold Road entirely. The manganese business in South Africa is a highly fragmented industry that, owing to the bulk nature of mining and logistics, ideally favours scale. As non-executive chair of Jupiter Mines, Murray isn’t quite sure how the industry will shake other than to say it must find a way to consolidate and capitalise on scale.

“To make South African manganese world-class, you need to have it at the lowest operating cost, and so you need economy of scale,” says Murray. “It’s bulk mining and so it’s all unit-cost-driven. So if there can be consolidation with the agreement of the South African government, you can really increase or improve the mining practices.”

That’s easier said than done. Kalagadi Manganese is a distress asset but shareholders and its main banking partner, the Industrial Development Corporation, are embroiled in legal action. Then there’s Samancor Manganese, a joint venture between Anglo American and South32. On paper, both companies are potential sellers.

In the case of South32, its outgoing CEO Graham Kerr has made his disaffection for the group’s legacy assets (from its BHP demerger) as well as SA fairly well known.

South32 recently sold its Colombian nickel assets, and previously closed aluminium facilities in SA as well as its energy coal mines. Anglo, however, has an option to veto the sale.

While in a phase of streamlining – Anglo has sold its nickel and metallurgical coal mines and demerged its platinum unit, Amplats – it might yet be reticent to quit the resource-rich manganese fields of SA. One view is that Anglo sees its manganese holdings as a means of marshalling South African support should an international predator seek its takeover, as BHP sought to do last year.

And then there’s Exxaro. The company sees itself as a consolidating force in South Africa’s manganese industry but fresh from the purchase of 50.1% in Tshipi (the Safika deal), its new CEO Ben Magara played down the further dealmaking in the short term. Significantly, Jupiter is also interested in consolidating the sector, a position it made clear in 2023 and reiterated earlier this year.

For Murray, Tshipi is simply an underutilised asset. “It’s got this five- or six-million-ton-a-year rail loadout capacity which is world-class of which we’re using one and a half million. So there’s a lot of waste capacity there.”

The reason for this is it’s constrained by an agreement with Transnet known as the manganese export capacity allocation that limits it to 1.8mt in exports a year versus its 3.5mt/year production and sales.

While it’s impossible to say how Jupiter will play its part in consolidating manganese, it might be worth reflecting on Murray’s track record for keeping it simple. Do a good deal. And move on.

‘The geophysicists came up with 15 different targets. Only one delivered. Fortunately, it was the first one we tested, and not the last one’ – Ian Murray, formerly Gold Road Resources

Perseus says five-year gold target aimed at sceptics

Australian gold miner Perseus Mining this year delivered a five-year production plan – its first ever – aimed at silencing critics that are predicting a substantial decline in production over the long term, writes **KRISTIE BATTEN**

IT hasn't always been smooth sailing, but Perseus Mining now finds itself in the strongest position it's ever been in – and the company is determined to prove sceptics wrong about its longevity.

In mid-June, Perseus did something it had never done before and released a five-year production outlook. Speaking to analysts the day the outlook was released, Perseus MD Jeff Quartermaine said it was hoped the plan would allay the misconception that the company's operations would have a short life.

"People believe the music is about to stop . . . it is grossly premature to be predicting Perseus's imminent demise," he said.

Perseus expects to produce 515,000-535,000 ounces of gold per year to the end of June 2030 at average all-in sustaining costs of \$1,400-\$1,500 an ounce. The company has three operating mines: Edikan in Ghana, and Sissingué and Yaouré in Côte d'Ivoire. Earlier this year, it pushed the button on development of the Nyanzaga mine in Tanzania.

Production in the next couple of years will dip due to the deferral of the Meyas Sand project in Sudan, because of the civil war, and as the \$523m Nyanzaga project is built. Nyanzaga, which represents the first major gold mine development in Tanzania in 17 years, will push Perseus's production profile to as high as 630,000oz of gold in the 2029 financial year.

"Basically, what we're wanting to do is to demonstrate to the market that our production profile doesn't end in the next couple of



Jeff Quartermaine, MD, Perseus Mining

years, as a bunch of people think it will, but it will be extending well beyond the end of this decade," Quartermaine told Miningmx in an interview.

"We've been able to extend the life quite materially actually, which adds to the overall narrative of the company, which is to be a 500,000oz-600,000oz gold producer at a margin of absolutely no less than \$500 per ounce on every ounce that we produce."

While record gold prices have helped, Perseus has been able to establish a track record of delivery, boosting shareholder returns in the process. The company has been rewarded by the Australian market. A surge in the share price to record levels resulted in Perseus joining the ranks of the exclusive S&P/ASX 100 in June.

CASH IS KING

Quartermaine said the "be-all and end-all" for the company was cash flow. Perseus generated \$452m of cash flow in the nine months to March 31. "The cash flow is super important, because our aim is to generate benefits for all stakeholders in fair and equal proportions.

"If you look at the stakeholder groups – governments, communities, employees, suppliers of goods and services, shareholders and financiers – apart from the last group, they all derive benefit from cash payments – you can't pay taxes on promises or employees on promises.

"You've got to hit the table with cash, so it's super important for us, particularly in that African setting where social licence to operate is so important, that we have access to cash at all times and under all operating circumstances."

Perseus had \$801m cash at the end of March. The company pays a dividend every six months and it recently launched a A\$100m share buy-back for the first time. "It's certainly the first time I've been involved in [a buy-back], and I was always a bit sceptical about the benefit of it, but it's been really very valuable for us," Quartermaine said.

"What we've been able to do is to use it as a sort of defence mechanism to take the volatility out of our share price . . . so we've found that the buy-back has been extremely useful from that perspective, but also too in terms of reducing the number of shares on issue, so the core metrics of earnings per share, cash flow per share are enhanced as well, because you've got fewer shares out."

WHEELING AND DEALING

While Perseus is self-funding Nyanzaga and the Yaouré underground expansion, its growing war chest inevitably leads to speculation about inorganic growth.

Perseus is no stranger to acquisitions, with its most recent being the A\$276m takeover of Nyanzaga's former owner OreCorp last year. Perseus is also the largest shareholder in Guinean developer Predictive Discovery, holding 17.9%.

Quartermaine said the company had engaged with Predictive Discovery but not completed any formal due diligence. With a market capitalisation hovering at



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around A\$1bn, Quartermaine said Predictive Discovery was too expensive, though Perseus would continue to watch and would be prepared to monetise its stake if another offer came along.

“As a general statement on M&A at the moment, we think that prices are pretty darn high,” he said. “People say, ‘You can use your shares.’ They’re also elevated, but that ignores the fact that shares are actually money, and so, overpaying for assets, it’s never been a smart thing.”

Quartermaine said Perseus would be ready to act on opportunistic deals. “We’ll keep a watching brief on the world, because you get these sliding window moments where circumstances may mean that a company is in a position where it can be acquired, whereas six months before or after that wasn’t the case,” he said.

“That was certainly what happened with Amara Mining, when we got the Yaouré project. Amara found themselves in a difficult position, because the AIM market in the UK imploded and they needed funding, and we were there, and that was one of the best things that we ever did. So there are those moments when the circumstances work in our favour, and we need to be capable of acting, and that involves having sufficient money available to you to be able to transact properly, because money does talk in those circumstances.”

LONG-TERM GROWTH

Quartermaine said Perseus was keen to use some of its excess cash on exploration, which is a relatively new initiative for the company. “We’ve never really properly fully funded a long-term greenfields exploration programme,” he said.

“What we’ve done in that area has always been a bit piecemeal-ish, in a way, so what we’ve decided to do, going from next financial year on, is make a long-term commitment to greenfields exploration and to really go out and see if we can’t find mineralisation that we can then develop in-house, because if we are successful, that’s going to be the cheapest ounces we’ll ever get, if we can find them ourselves.”

Quartermaine said the company would peg its own ground but was also open to working with smaller companies through farm-in agreements and joint ventures.



Sudan, Africa's third largest country, has been ravaged by more than two years of war that has killed tens of thousands of people and displaced 13 million. (Photo by EBRAHIM HAMID/AFP via Getty Images)

“I’m not a big fan of taking 10% equity stakes in companies. I’d rather be putting money into the ground than into a corporate,” he added.

Perseus has also continued drilling at Meyas Sand, with the area around the project remaining conflict-free. “We were quite well-advanced actually, when the war broke out in terms of getting through a FEED (front-end engineering and design) study and things like that, but we haven’t done a lot of that.”

The company continued to have people on the ground in Sudan but it was difficult to predict what was going to happen. “It’s very hard to be confident that the country is going to be investable in the short term, so we’re looking at all sorts of things there to see what works best for us,” he said.

AFRICA DISCOUNT?

Australian miners operating in Africa continue to trade at lower multiples than their peers operating in Australia or North America. “Some of it ties back to Africa, of course,” Quartermaine said, but added the company’s longer-term production outlook should help close the gap.

The company’s decision to diversify out of West Africa and into Tanzania was a deliberate one.

“Tanzania is an interesting country in the sense that it does have a pretty rich history of mining, but it has gone through some difficult times in the past decade,” Quartermaine said.

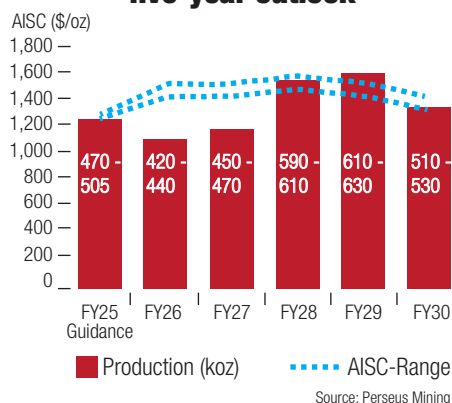
“But our sense is that the country has come out of that period very strongly, and they’re very welcoming to foreign investors. We’ve had an absolutely first-class experience in the past 12 months in terms of being able to work with the government and reach an agreement on a way forward, so that was pretty important to us.”

Even so, Quartermaine acknowledged that there would still be investors who put all of Africa into one basket. “But I think most people recognise the jurisdictions that we’re in are currently quite different,” he said.

“Ghana and Côte d’Ivoire are definitely not Mali and Burkina Faso.

“Some people are just totally averse to Africa, whereas others who take the time to think about it a bit can see that it’s not one size fits all.”

Production and AISC five-year outlook



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Predictive Discovery says its new gold mine will be one of Africa's best

BY KRISTIE BATTEN

PREDICTIVE Discovery (PDI) is getting its ducks in a row before it pushes the button on the development of the Bankan gold project in Guinea. With a resource of 5.52 million ounces of gold and a reserve of 2.95 million oz, Bankan has been described as West

Africa's next tier-one gold mine.

In late June, PDI confirmed that status with the release of the definitive feasibility study (DFS) for the project.

It showed Bankan's potential to produce around 250,000oz of gold annually over 12.2 years and a reasonable – albeit not

world-beating – all-in sustaining cost profile of \$1,057 an ounce. Capital costs were forecast at \$463m, including a \$34m contingency, in line with the April 2024 prefeasibility study.

The company used a long-term consensus gold price of \$2,400/oz, which generated a post-tax net present value (NPV) (5% discount rate) of \$1.6bn, an internal rate of return (IRR) of 46%, and a payback period of less than two years. Using a gold price of \$3,300/oz increases the NPV to \$2.9bn, the IRR to 73% and reduces the payback period to just over a year.

The open-pit and underground operation is expected to generate strong free cash flow of around \$250m a year at a gold price of \$2,400/oz, increasing to more than \$400m annually at \$3,300/oz.

Canaccord Genuity analyst Paul Howard said the study confirmed Bankan as a world-class asset.

“Our research suggests that Bankan is potentially the best undeveloped gold asset in Africa when comparing metrics such as upfront capital intensity, production levels and costs, and when taking the view that Guinea is emerging as one of the best countries to operate in, given the world's largest mine developments. Simandou is well under way,” he said.

Bankan sat in the top 20 African producing or soon-to-be-producing gold assets, with the majority of those assets being owned by the majors.

MD of PDI, Andrew Pardey, told Miningmx that while the release of the DFS was a major catalyst for the company, the grant of the project's exploitation permit would provide fresh momentum.

In January, the project's environmental and social impact assessment was approved, and the environmental compliance certificate was issued, paving the way for the application for an exploitation permit.

The company said the review process was in its final stage and Pardey said he expected its grant “fairly soon”.

In late May, PDI was also made aware that following an order signed by Guinea's military leader Mamady Doumbouya, the country's Ministry of Mines and Geology had revoked more than 100 exploration permits across the country, including the company's Argo and Bokoro permits.



‘Our major shareholders leave us alone because they are satisfied with the job that we are doing’ – Andrew Pardey, Predictive Discovery

The revoked permits did not include the Kaninko and Saman exploration permits that are the subject of the Bankan exploitation permit application and contain 5.38 million oz of the overall 5.53 million oz resource.

PDI is appealing the decision and Pardey was speaking to Miningmx from Conakry, where he was seeking clarification on the process. “We were told, ‘Just submit your letters showing how much work you’ve done on them, etc.’ – and that’s now going through what I believe is a review process, which will be a committee of three people,” Pardey said.

Pardey urged juniors and wannabe developers to start the permitting process early.

“Because in Guinea, the big handbrake for us was the ESIA, and to submit an ESIA, we had to have a minimum of two years’ worth of work, so we were sort of on the back foot with that,” he said.

“It’s an important thing that juniors often overlook, because they’re so excited they’ve found something, but then they forget about the timing to be able to submit for other licences.”

FOCUS ON FUNDING

Once Bankan’s exploitation permit is granted, PDI will turn its attention to financing. Financial advisory firm Terrafranca Capital Partners is assisting the company with project funding.

Pardey said the company would consider more than just the traditional debt and equity funding.

“There have been other groups out there that have done some quite unique things as well, using Wheaton Precious Metals, the largest royalty and streaming company of the world, and have come up with some very good financing options that are actually cheaper than conventional financing. So we’ve already started a process on that in advance, so that the financiers know who we are, where we are, etc., so we can hit the ground running on that.”

“We have had a technical data room open for some time, so potentially that could bring other players into the game as well.

“We’ve got to be mindful of all the options, and the team that I work with, most of us have been around for quite a long time, so we’re not selfish – we want to do



Guinea’s military leader, Mamady Doumbouya

what’s best for our shareholders.”

Another potential, but less likely, option would be to bring in a development partner, though Pardey said it would be considered.

“If you bring in a JV partner, you’ve given half away, and then you’ve already reduced your upside, and we are very, very confident that a lot more ounces are to be found in this area, so you’ve got to consider all of the options.”

PDI is aiming to finalise the permitting and financing and make a final investment decision in early 2026.

Assuming a mid-2026 construction start, the project would pour first gold in mid-2028.

PDI had a last reported cash balance of A\$78m, which will take it through the construction readiness and funding process to the start of construction.

CROWDED REGISTER

In August 2024, Perseus Mining acquired a 17.3% stake in PDI and the following month, increased its stake to 19.9%.

Perseus has long maintained it likes the Bankan project and while it has plenty of cash, the company has suggested on multiple occasions that at a market capitalisation of A\$1bn, PDI was expensive, particularly when factoring in a premium and Bankan development costs.

In the meantime, in February, PDI announced it had raised A\$69.2m via a strategic placement to the Lundin family and Zijin Mining, diluting Perseus to 17.8% in the process.

The Lundins hold 4.5% and Zijin holds 3.5%. Black Rock holds 13.2%, while T. Rowe Price has 6%, and other funds including Merk, VanEck and Franklin Templeton also sit on the register. The funds and strategic shareholders hold a combined 60% of the stock.

“Our major shareholders leave us alone,” Pardey said.

“They want us to get on and do the job that we’re doing, and I know most of them from previous history as well, so I know from the fact that they’re leaving us alone they are satisfied with the job that we are doing.”

PDI has been long touted as a takeover target, both due to the quality of the Bankan project and its existing register.

Argonaut analyst Patrick Streater said the release of the DFS further strengthened the case for PDI to be acquired by an existing West African producer.

“We think a receipt of Bankan’s exploitation permit in the next couple of months will set in motion a change of control for Bankan, with an existing producer likely to take the project forward,” he said.

Namibia's desert riches keep adding up

BY KRISTIE BATTEN

PERTH-based Wia Gold, helmed by the former Centamin team, is mapping a path to near-term production from its Kokoseb gold project in Namibia.

Kokoseb has a resource of 66 million tons at one gram per ton gold for 2.12 million ounces of gold, discovered at a cost of just \$2.80/oz over the past three years. Mineralisation is open in all directions and at depth, with drilling results released in June from beneath the resource pit shell.

Wia has had up to six rigs drilling at Kokoseb since the start of this year, with an updated resource due in early July. "We will roll that into the scoping study work that's been going all year, and deliver that sometime in the third calendar quarter," Wia executive chair Josef El-Raghy says.

"We're doing that so that we can deliver that to the government in Namibia and

apply for the mining licence," he adds. The scoping study will feed straight into a definitive feasibility study, which the company is aiming to complete by mid-2026. "We'll keep drilling until then and probably after then as well, because the project will need more drilling and it'll keep growing," El-Raghy said. Wia is eyeing a 5mt/y operation to produce around 150,000oz of gold annually.

In an initiation note released in March, London's Tamesis Partners suggested there was already enough critical mass at Kokoseb for a 5mt/y mine to produce around 150,000oz/y at all-in sustaining costs of around \$1,300/oz over more than 15 years.

"It'll be a good mine for many years," El-Raghy said. "It looked like a mine probably a year or so ago, and the drilling and all these updates over the past year made



it look more like a mine, so we're pretty happy.

"I would hope by the end of next year we've got the definitive feasibility study completed, buying licence in place, environmental in place, and you know, you'll be looking at pushing this project forward."

SCP Equity Research agrees. "Big picture, we think Kokoseb is now becoming well established as one of the next-generation 'will be a mine' projects, with the ounces for 100,000-200,000oz a year, located in a sought-after jurisdiction and backed by a proven management team," it said in June.

STACKING UP

Kokoseb has been compared to the nearby Twin Hills project, given their similar-sized resources and grade profiles. Twin Hills, which is under construction, is expected to produce 162,000oz a year of gold from a 5mt/y plant. Twin Hills was being developed by Canada's Osino Resources, led by Namibian Heye Daun, when it was acquired last year for C\$368m by China's Shanjin International Gold Co., trumping an earlier C\$287m bid by Dundee Precious Metals.

Once in production, it will be Namibia's third operating gold mine, with Kokoseb in line to be the fourth. Australia's Lycopodium is the engineering, procurement and



Josef El-Raghy, executive chair, Wia



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construction management contractor for Twin Hills.

"Lycopodium are doing all the work for us on plant design, so we're not trying to recreate the world," El-Raghy said. "We're using a lot of the same people Twin Hills used and going down the same permitting path and then the same construction path."

NAMIBIA

El-Raghy is best known as the former CEO and chair of Centamin, growing the company from a Perth-based junior to a multi-billion-dollar London-listed gold producer through the development of the Sukari mine in Egypt. AngloGold Ashanti acquired Centamin for \$2.5bn last year.

El-Raghy said his desire to get into Namibia dated back to the Centamin days when the company tried to buy Auryx Gold Corp, owner of the Otjikoto gold project, in 2011. "B2Gold ended up taking it over, and we sold our stake to B2 and made a bit of money," he said.

"We also tried to buy Navachab, which is the other operating gold mine.

"I've had a few goes at trying to get into Namibia, because I've always thought it was a great place to operate."

El-Raghy was a shareholder of Osino, as well as a shareholder in Wia, which was

previously chaired by his former Centamin colleague Andrew Pardey. "We'd been funding [Wia] with no management to keep overheads low.

"It started looking like it needed a bit of help so I thought I'd do it for a little while."

In mid-2024, Pardey, also MD of Guinea-focused gold developer Predictive Discovery, stepped down as chair to become a non-executive director and El-Raghy became executive chair. "He was chair but busy with Predictive, so I said I'd step in and do this for a year or two as exec," El-Raghy said.

"In that two-year period, we'll find a CEO, so that's on the to-do list. We've got a CEO, hopefully on the way that will build [the project]."

El-Raghy doesn't take a salary but has long-term incentives tied to performance milestones and also owns nearly 6.4% of the company.

Rounding out the board is another former Centamin executive, Mark Arnesen, while former Centamin exploration manager Pierrick Couderc holds the same role at Wia. "So it's a neat little team with the Centamin people on the board," El-Raghy said. "We all get on. We don't need to talk every day. Everyone just gets their job done."

Shares in Wia have risen by more than 1,000% on the Australian Securities Exchange in just two years, with May 2023 marking the company's maiden resource and the emergence of El-Raghy as a substantial shareholder. The stock more than doubled over the 12 months to June 30 this year and was up by almost 80% year-to-date. The company's market capitalisation has surpassed A\$300m in the process.

In March, S&P Dow Jones Indices announced that Wia would be added to the ASX's All Ordinaries index as part of its quarterly index rebalance. Analysts believe the company's share price will continue to rise.

Tamesis has a price target of A40c and SCP has a price target of A45c, while Australia's Argonaut is more bullish, with a price target of A61c. "Kokoseb remains an attractive M&A target as a straightforward large-scale open-pit project located within a safe and stable mining jurisdiction of Namibia," Argonaut analyst Patrick Streater recently said.



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Mining reforms in political limbo: what industry wants, and what the GNU might deliver

As SA undergoes reforms in its mineral and energy sectors, there are questions about whether the Department of Mineral and Petroleum Resources truly considers public input, writes **LIESL PEYPER**

NEW draft legislation is being considered while SA faces international uncertainty and domestic upheavals as its government of national unity (GNU) is on shaky ground.

In May this year, South Africa's cabinet approved the draft Mineral Resources

Development Amendment Bill along with the country's Critical Minerals and Metals Strategy, opening the draft legislation for public comment until 13 August.

Mineral and Petroleum Resources Minister Gwede Mantashe said the bill aims to provide greater policy and regulatory

certainty, boost investor confidence, improve turnaround times for licensing and mining rights approvals, and cut red tape.

However, analysts, industry stakeholders and commentators argue that certain provisions in the bill may have the opposite effect. Two areas of particular concern are



Gwede Mantashe, mines minister, South Africa

the empowerment provisions for black economic empowerment (BEE) and tighter state control over company transactions.

In a correction notice published early in June, Mantashe reversed the two provisions in the draft bill that sought to expand state control over the mining sector. These included the removal of the proposed BEE requirement for prospecting rights, as well as a clause that would have required ministerial consent for changes in control of listed companies.

Bowmans mining lawyers Charles Young and Wandisile Mandlana view Mantashe's unusual correction of the two provisions in the middle of consultation as a step in the right direction, but caution that there are issues that remain unresolved.

The controversial proposal to apply empowerment ownership requirements to prospecting and exploration rights was not intended to be included in the draft bill. Says Mandlana: "The minister appeared surprised that empowerment requirements in respect of prospecting were in the draft bill. That said, one should give him credit for making that change."

An area of concern that remains, however, is the definition and treatment of "change of control" (Section 11 of the draft bill), especially regarding listed companies. The original amendments required ministerial consent for any change in control of a company holding a mining right, including in listed entities where shares trade frequently on the open market.

The revised draft still includes references to "an interest" in unlisted companies, which could imply that any change in ownership – even indirect – would need ministerial approval.

The amendment also does not clarify the distinction between direct and indirect shareholding in law, leaving the issue unresolved. "We think the department missed an opportunity to clarify a section in the draft bill that was already complex and unclear," says Young.

The amendment still allows for ministerial consent for minor corporate actions, such



'They can't read the room. There is less prospecting because there is no clear guarantee that if I discover a rare earth mineral, I'll be allowed to mine it'
– Theo Venter, political analyst

as share buybacks, employee share schemes, or changes in community trust structures, which could paralyse ordinary business operations.

Bowmans stresses that the bill needs further amendments to achieve its stated objective, namely to boost investor confidence.

Peter Leon, mining lawyer and director at Herbert Smith Freehills Kramer, noted at a webinar following the initial release of the draft bill that, given the unpredictability regarding the mining code in South Africa, one would have thought that the government would have used the opportunity to consider all policy issues around mining.

"What you see in this bill is effectively more of the same. It's mostly stick, very little carrot," he says.

Lili Nupen, mining lawyer and director at

NSDV Law, remains optimistic that the department will eventually take industry and stakeholder input on board. "It's important not to panic. The department is not out to negatively impact the mining industry. They are open to having discussions about what doesn't work and why it doesn't work. They want proposals as to what industry thinks could work."

The Minerals Council South Africa (MCSA) seems unconvinced. At the 2025 Junior Indaba in May, Mzila Mthenjane, CEO of the MCSA, expressed frustration that the council's input had not been reflected in the new draft bill. He described the council's prior engagements with the Department of Mineral and Petroleum Resources as "very high level" and noted that no access had been given to the underlying wording of the draft bill or how it was being amended.

Even after Mantashe's reversal of two of the problematic provisions, the MCSA noted in a statement that the bill "in its current form" does not encourage or sustain the growth and investment that the industry needs to realise its potential." The council declined to comment further, stressing that it would submit its input before the August deadline.

BUSY BEE

Even though BEE provisions for prospecting and exploration were removed from the draft bill, there are proposed amendments to the BEE framework for mining rights, aligning empowerment provisions with those outlined in the Broad-Based BEE (B-BBEE) Act of 2003.

It also makes compliance mandatory by requiring the minister to impose applicable BEE conditions when awarding mining rights. Furthermore, the bill gives the minister the authority to revise or withdraw existing BEE obligations for companies that already hold mining rights.

Political analyst Theo Venter says it is as if SA's government is "tone-deaf" in its policymaking. "They can't read the room. For example, there is less prospecting because there is no clear guarantee that if I discover a rare earth mineral, I'll be allowed

to mine it.” After all that, BEE requirements kick in.

Nupen says that when it comes to the empowerment-related amendments in the new draft bill, it is more critical for the mining industry to have clarity on what is required of them, rather than focusing solely on a fixed percentage of black ownership. “As long as they know what’s required, and that it won’t change overnight and that additional requirements won’t be added, because that is what is creating anxiety.”

EQUITY EQUIVALENCE

The recent talk of an equity equivalent programme as an alternative to black ownership for multinationals in the information and communications technology sector has sparked optimism that a similar approach could be considered for BEE compliance in the mining industry.

Currently, companies applying for an electronic communications network services licence are required to allocate 30% ownership of the business to historically disadvantaged groups.

South African-born billionaire Elon Musk’s satellite internet company, Starlink, may reportedly invest around R2bn in SA as part of a proposed alternative to meeting BEE requirements, according to Business Day. Rather than transferring equity to local partners, Starlink has purportedly committed to investing in infrastructure that would support the broader Southern African Development Community region.

This includes working with South African firms to build infrastructure, lease land and

fibre, and provide energy, security, and maintenance services. The company is said to be aiming to finalise an agreement with South African authorities before the G20 summit takes place in Johannesburg in November.

Although Musk has expressed interest in launching Starlink services in his country of birth, he has previously refused to cede ownership in the company to meet BEE requirements.

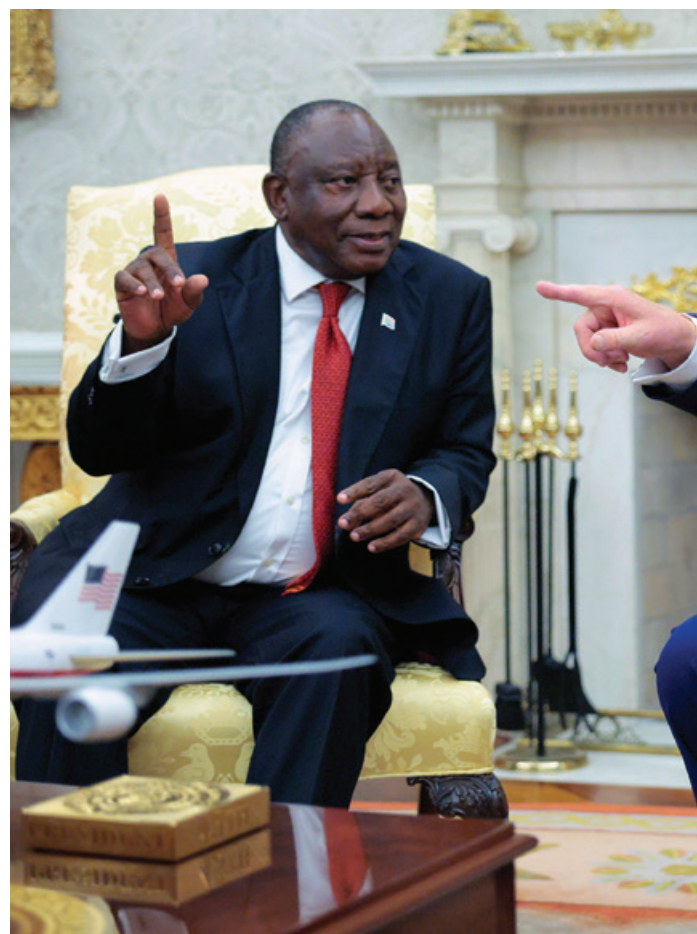
In response, Communications and Digital Technologies Minister Solly Malatsi has suggested potential revisions to current BEE obligations for multinational satellite providers in the form of “equity equivalence”. The proposal would allow these companies to qualify for operating licences by investing in black-owned businesses and infrastructure in SA instead of being required to take on black shareholders.

However, Malatsi confirmed that the final decision to grant Starlink an operating licence will lie with SA’s telecommunications regulator, Icasa.

BEE specialist Paul Janisch says the proposal is a move in the right direction. “The government may deny this, but our employment and empowerment policies have proven to be a major deterrent to foreign-owned companies operating in SA.”

He points out that equity equivalence is costly. “An amount of money needs to be invested in these projects over a two- to 10-year period. To describe the investment values as costly would be an understatement. The investment can either be 25% of the value of the local entity, or 4% of total revenue each year.”

Bowmans’ Mandlana clarifies that equity equivalence was first introduced to mining via the 2018 Mining Charter and was coupled with beneficiation requirements.



“However, it was caught up in the broader fight about the lawfulness of the Mining Charter and despite the complexities and costs associated with equity equivalence programmes, equity equivalence is still accepted to be an empowerment tool in mining.”

He notes that the empowerment regime envisaged under section 100(3)(b) and the regulations should provide for a clear framework for equity equivalence. “Such a framework should be published together with the draft bill, such that the industry comments on the empowerment framework for the minerals industry holistically.”

Bowmans’ Young adds that “flexibility” provided by equity equivalence programmes is good from an investor perspective. “Equity equivalence programmes, if done correctly, still essentially recognise benefits flowing to the country, but are more flexible in terms of the structure through which it is

**‘What you see in this bill is effectively more of the same. It’s mostly stick, very little carrot’
– Peter Leon, mining lawyer and director at Herbert Smith Freehills Kramer**



SA President Cyril Ramaphosa and US President Donald Trump

achieved.” He cautions, though, that real equity remains politically sensitive. “Real ownership in mining is prized, and I can’t see the country moving away from that entirely.”

Janisch stresses that it is “too early” to celebrate the “perceived” relaxation of SA’s empowerment regulations.

“The proof lies in how the government and regulators approach the application of equity equivalence,” he notes.

PRESIDENTIAL BLESSINGS

The concept has seemingly received the green light from President Cyril Ramaphosa himself.

In his newsletter in the first week of July, Ramaphosa wrote that equity equivalent programmes have proved to be a “practical B-BBEE compliance tool” for multinationals, citing deals with global giants, such as

Hewlett-Packard, Samsung, JP Morgan, Amazon, and IBM and automotive firms such as BMW, Volkswagen, Nissan and Toyota in the past.

Ramaphosa was careful to stress that equity equivalence should not be viewed as a “circumvention” of B-BBEE legislation or as a concession tailored to the demands of any specific company or sector. His remarks appeared to be a veiled reference to Starlink, following reports that Ramaphosa had extended an offer to the company to operate in SA shortly before meeting President Donald Trump in the Oval Office in May.

“Firstly, [it] is not new and . . . is firmly embedded in our laws and is not an attempt to ‘water down’ B-BBEE,” he stated. The president emphasised that South Africa’s empowerment laws remain central to economic transformation and “are here to stay”.

Uncertainty around BEE requirements and the possible introduction of equity equivalence schemes comes at a time when South Africa’s trade relationship with the US is unpredictable, due in part to a shifting global trade landscape.

Since Trump’s re-election to a second term as US president, SA has found itself in the firing line as part of his renewed push for trade reciprocity and protection of US economic interests.

Trump has criticised countries that, in his view, benefit disproportionately from trade agreements with the US, and SA, as a beneficiary of the African Growth and Opportunity Act (Agoa), is under increased scrutiny.

Fortunately for SA, the US has a growing interest in critical minerals – an area where the country is well positioned. Gold, platinum group metals (PGMs) as well as base metals like manganese, nickel and

zinc, are exempt from US tariffs. Although the recent threat of a copper import duty should dispel any notion metals are likely to remain off the radar indefinitely.

Other concerns for SA are that the US dislikes its statism, the unclear empowerment laws, and its perceived hostility to foreign investment, all of which have raised red flags in Washington.

Venter says the problem in South Africa’s mining industry is not tariffs, but “BEE and poor government policy”.

Ramaphosa’s recent visit to the US has not removed uncertainty regarding trade relations with the US. The trip was intended to enable diplomatic and economic engagement, yet it remains unclear whether any concrete progress was made in stipulating conditions for a long-term trade deal.

Frans Cronje, economic and political analyst, views Ramaphosa’s visit as “a missed opportunity at a scale that is hard to comprehend”. He claimed that it is “a complete falsehood” to brand the discussions between Ramaphosa and Trump as successful. “It wasn’t. When you go to the Oval Office, you say: ‘We are here to offer you a deal. Here are the hard ideas’.”

Nevertheless, he believes there is goodwill from the US. “I would say the new US administration probably offers the best opportunity for SA’s young democracy to get out of the growth rut. Although we’re not rushing towards seizing the opportunity, it remains wide open.” This was before the US announced plans to slap a 30% tariff on the country’s exports, as well as those of a host of other developing economies.

REVISIONS TO FRAMEWORK DEAL

SA submitted a proposed framework deal with the US ahead of Ramaphosa’s visit, but the deal will most likely have to be revised after Washington’s proposed “standardised trade engagement template” for Sub-Saharan Africa.

This emerged during a bilateral meeting on 24 June between SA’s trade ministry and a US trade representative held on the sidelines of the US-Africa Summit in Luanda, Angola.

SA’s initial framework proposal, in which tariff exemptions for key exports like vehicles, steel, and aluminium were sought, also outlined increased cooperation on liquid



Mzila Mthenjane, CEO, Minerals Council SA

natural gas, a joint critical minerals fund, and enhanced bilateral investment.

The country's trade ministry has agreed to consider the US's proposed new template for trade negotiations. It has also formally asked the US to extend its 9 July deadline for imposing increased tariffs to avoid a 31% duty on its exports. The request comes as several African countries seek more time to adjust to the new framework.

Venter suggests that behind the scenes, strategic groundwork is being laid for a deal with the US, particularly focused on gas and rare earth minerals.

He says US companies are keen to help

build or finance processing plants in South Africa to reduce Africa's dependence on China. Cronje is of the view that South Africa's position around the Cape Sea Route is of strategic importance. "We can leverage that."

The US has a strategic interest in Southern Africa, he adds. "Sensible people say you can't leave a backdoor into Southern Africa open. You'll pay the price for that."

His wish is that a "vast new bilateral investment treaty" will eventually emerge. "A new trans-Atlantic partnership. This is the scale on which we must think," Cronje notes.

GNU: REFORM OR GRIDLOCK

Amid South Africa's unsteady relations with the US, the country is navigating a complex domestic political landscape with the GNU, which emerged after the general elections in May 2024.

After the ANC's support dropped to 40% in 2024, the ruling party offered all represented parties in Parliament an opportunity to join the GNU. Altogether, 11 parties are in the GNU, although the "marriage of convenience" – especially between the ANC and the official opposition, the DA – has turned into a "flirtation" with divorce, Louw Nel, senior political analyst at Oxford Economics, writes in a research note.

"The GNU's primary success has been avoiding collapse – sometimes by the skin of its teeth," Louw adds.

Cronje says it would have been "wonderful" if the GNU could ignite 5% [economic] growth. "It would have been the case had it been led by more inspiring people. But to be realistic, one should think of what is happening in the GNU as the beginning of possible progress."

Venter believes, based on proportional representation in the unity government, that the DA should have had more ministers in the GNU cabinet. "But the ANC did not want anyone else involved in state finances and key portfolios such as defence, foreign affairs and mining were monopolised."

Venter however regards the 2025 Budget fallout as the "turning point" in the ANC's "monopolisation" of policy.

"The DA has realised its power lies in Parliament, not in Cabinet. In the first four months of this year, they started using that power."

Even though the DA does not have particular sway in key economic portfolios, Venter says political and policy changes happen in small steps, "not through sweeping moves".

"Over the next year or two, we're going to see several areas where GNU members will use parliamentary action [to bring about change]."

"If we want to put the mining industry on a better political footing, the same process must unfold as with the budget and foreign policy," Venter says.

"There must be a resistance to policy at the parliamentary level."

‘Project Blue Crane’ struggles for lift-off

The South African government’s second effort to produce a workable mining cadastre, called Project Indwe (blue crane), is battling to get off the ground. It is the latest in a series of mishits and false starts for the government, writes **CHARLOTTE MATHEWS**

THE new mining cadastre, which is intended to replace Samrad (South African Mineral Resources Administration System), the existing online system for applying for mining and prospecting rights that was launched in 2011, was first promised for early in 2025. Then the date was moved out to end-June 2025, and then to the first half of July 2025, and then, in early July, it was moved out by

another three months.

One of the reasons for the delay in rolling out the new cadastre may be the need to transfer data from the old system to the new one. Minister of Mineral Resources Gwede Mantashe explained to Parliament that it was “a delicate process that requires precision and quality assurance”.

According to the Department of Mineral and Petroleum Resources (DMPR), the

intention is first to test it in the Western Cape because the province has active mines and fewer backlogs and appeals than some of the other provinces. The next province will be the Eastern Cape, and then the roll-out should occur over the rest of the country.

By early July, none of Samrad’s regular customers had seen the new system, other than a demonstration at the May Junior Indaba by DMPR deputy director-general Tseliso Maqubela, “which left a number of questions unanswered about how it would work”, said

mining entrepreneur Errol Smart. “It didn’t seem to be as functional as some other systems or align with what is in the Mineral and Petroleum Resources Development Act (MPRDA) Amendment Bill.”

“The DMPR is keeping things close to their chest, as they did with the recent Mineral Resources Development Bill,” said Malan Scholes Attorneys partner Hulme Scholes. “The new cadastre has been years in the making and we have heard nothing.”

Opinions about the functionality of Samrad varied quite widely. Scholes said it was “originally not a bad system” though Patrick Leyden, partner at Herbert Smith Freehills Kramer, said it was “not particularly efficient or functional”. Smart described Samrad as “a shocker. It is like trying to race Formula One in an oxcart.

“It is old, and most of the time it is down because the hardware or software has failed. You can spend a lot of time uploading your documents to it but then you have to print them all out and take them to the DMPR offices anyway, where they continue the process on paper,” he said.

“It was originally quite well designed, but it does not work properly and it is easy to manipulate,” Scholes said. “We have had a number of instances when Samrad was offline, and Company A applied for, say, a prospecting right for coal and suddenly we found that Company B was ahead of Company A in applying for that right. There is



Tseliso Maqubela, deputy director-general, DMPR

no electronic record of who was first with their application, which undermines the principle of ‘first come, first served’.

“I believe this failure is actually engineered into the system. You can’t manipulate a system that works 100% and is transparent. We hope the new system will be completely transparent, like the Deeds Registry, where you can see exactly who owns what.”

One of the problems that has been raised over the years is the length of time it takes to receive mining and prospecting rights in South Africa, which has resulted in a backlog in applications. In January 2024, in response to a parliamentary question, Minister of Mineral Resources Gwede Mantashe said of the 2,525 applications received at the beginning of the 2023/24 financial year, not one had been finalised.

Scholes said the backlog had come down in the last couple of years. “It isn’t competitive with other countries, though. You cannot compare our process of granting licences to that in Botswana, or the systems in Australia and Canada. But it is far better than Zambia’s cadastre, where there is no transparency in how decisions are made and no ‘first come, first served’ principle.”

Minerals Council of SA chief economist Hugo Pienaar said that in the current system, many applications with little chance of success (because they don’t meet the requirements) were being filed. Still, the DMPR had to go through a lengthy process



Errol Smart, mining entrepreneur

before it was able to reject them, and this was clogging up the system. Once the new cadastre was working, it should start to deal with that backlog.

While the council would like the new cadastre to provide a more integrated application process, where submissions would be automatically moved from one department to the next, it was not clear that this would happen, Pienaar said.

But in view of all the other deterrents to investment in mining and exploration in South Africa – crumbling logistical networks, intermittent, costly and carbon-intensive electricity supply by Eskom, and rigid legislation applied in an arbitrary fashion – will a more efficient cadastral system make any difference?

Leyden said SA obviously needed to create a more attractive regulatory environment, and recent proposed amendments to the MPRDA were intended to address some of the concerns. “Whether they do is arguable, but these are still in draft form.

“Linked to regulatory clarity and certainty is the need for efficient administration and faster processing times for licence applications. The new system is intended to provide more transparency and speed. Currently on Samrad you cannot see who holds rights where, which you can see on other jurisdictions’ cadastral systems. Another problem is that of overlapping rights being granted over the same area, which can result in costly litigation,” said Pienaar.

“The backlog in processing times is certainly a concern for international investors. They cannot wait more than two years for a mining right – elsewhere it can take six to eight months. Hopefully, greater efficiency and transparency when considering and granting applications for rights might help to attract foreign investment to SA.”

Leyden saw no cause for concern in the fact that the new cadastre is not mentioned in the MPRDA Amendment Bill. “The current regulations to the MPRDA include a template that needs to be completed to lodge a mining or prospecting right application on Samrad. The amendment bill does not mention the new cadastral system but it isn’t necessary to do so. A cadastral system is not a creature of statute, it is an administrative tool, and it can be addressed in the regulations to the Act.”

The DMPR did not respond to enquiries about the new cadastre.



Hulme Scholes, director, Malan Scholes Inc

Gemfields aims to regain its lustre

BY RAYMOND STEYN

IT IS tempting to link the recent woes of coloured gemstones miner Gemfields to the malaise in the diamond industry. After all, the ‘big three’ coloured gemstones – rubies, emeralds, sapphires – are often mentioned in the same breath as diamonds. All are rare, beautiful stones that are prized for their ability to sparkle under bright lights and convey wealth and status. But while they share space in jewellery store displays, the worlds of coloured gemstones and diamonds differ in some fundamental ways.

Gemstones, broadly, are minerals valued for their beauty and rarity, cut and polished for use in jewellery and decorative objects. The term ‘coloured gemstones’ refers to those other than diamonds and includes rubies, known for their rich red hue; emeralds, famed for their intense green; and sapphires, usually blue but available in an array of colours.

Gemfields, listed on both the Johannesburg Stock Exchange and AIM in London, operates two key assets: the Kagem emerald mine in Zambia – the world’s single largest producing emerald mine – and the Montepuez ruby mine in Mozambique, one of the largest-known ruby deposits.

The link between diamonds and coloured gemstones lies partly in geology and partly in commerce. Both are natural minerals formed under tremendous heat and pressure, but diamonds are pure carbon crystal-

‘Diamonds and coloured gemstones are not as similar as is often thought: they differ in the way they are mined, traded, graded and regulated’ – Sean Gilbertson, Gemfields

lised deep within the earth’s mantle, rising to the surface through volcanic kimberlite pipes. Rubies and emeralds, by contrast, form in metamorphic rocks closer to the earth’s crust. While diamonds are prized for colourlessness and clarity, coloured gemstones celebrate vibrant hues and inclusions that lend each stone its unique ‘fingerprint’.

In commercial terms, both diamonds and coloured gemstones have historically sat atop the luxury pyramid. Yet their markets are structured differently, and those differences have become starkly apparent amid the diamond industry’s current slump.

Two forces have battered the diamond market. First, global demand for natural diamonds has weakened, particularly in the US and China. Fears of recession, stubbornly high inflation and slowing consumer spending on luxury goods have weighed on jewellery sales. In China, a crucial growth market, diamond demand reportedly collapsed by as much as 50% in 2024, echoing the country’s broader economic slowdown and fragile consumer confidence.

Second, the rise of lab-grown diamonds (LGDs) has disrupted the natural diamond market. LGDs are chemically identical to natural diamonds but cost up to 80% less. In 2024, over half of US engagement rings reportedly featured lab-grown stones, a seismic shift driven by younger consumers seeking value and sustainability. As LGDs flood the market, natural diamond



prices have dropped sharply – by some estimates, down more than 25% since March 2022. That's left inventories piled high, particularly in India, where 90% of the world's diamonds are cut and polished. De Beers reported a \$2bn stockpile of unsold stones in 2024, the largest since the 2008 financial crisis, and was forced to slash production by 20% to steady the market.

By comparison, the coloured gemstone market is far less transparent. It's harder to quantify supply, demand or even price levels across the sector. Yet it's probably fair to assume that poor global economic conditions have cooled enthusiasm for rubies and emeralds, too.

Even so, Gemfields maintains that the lab-grown threat affecting diamonds doesn't apply in the same way to coloured stones.

"Diamonds and coloured gemstones are not as similar as is often thought: they differ in the way they are mined, traded, graded and regulated. Each sector has unique dynamics resulting from how they have evolved over the past centuries," says Gemfields CEO Sean Gilbertson.

"Lab-grown coloured gemstones were successfully synthesised long before lab-grown diamonds. In the late 1800s, Auguste Verneuil created the first lab-grown ruby, which was followed shortly afterwards by the first lab-grown emerald, created by Carroll Chatham. Lab-grown diamonds, much more difficult to make, were introduced 50 years later by the American company, General Electric."

Gilbertson says that while there's been a longstanding interest in synthesising both gems and diamonds, the markets for lab-grown and natural gemstones have diverged because they serve fundamentally different purposes. "Today, lab-grown rubies are used in watchmaking as low-friction jewels in the mechanical movements of high-end watches.

"They are also utilised for lasers and other industrial purposes because they share similar properties with natural stones. Even when used in jewellery, synthetic emeralds and rubies are much cheaper alternatives and the entire piece of jewellery – metal, manufacturing, presentation – is typically lower-end.

Lab-grown coloured gemstones lack character, the unique geological fingerprints of Mother Nature. They're too 'perfect,'

without the natural imperfections and 'inner worlds' that natural gems possess. No scientist has ever succeeded in synthesising that," says Gilbertson.

This distinction goes to the heart of value in coloured gemstones. "Diamonds thrive on perfection and the absence of colour or inclusions," says Gilbertson. "Coloured gemstones possess unique charm precisely because of the subtleties in hue, tone, and saturation. A keen eye can often distinguish a synthetic emerald from a natural one, while this is much more challenging with diamonds."

Unlike diamonds, where pricing is tightly linked to the 'four Cs' (cut, colour, clarity, carat), valuing a coloured gemstone is a far more subjective art. "To describe the colour of a ruby or an emerald on a sunny day versus a rainy day and then land on a fair value that others would agree upon would be nearly impossible," he says. "That's because coloured gemstones are deeply nuanced. Their value lies in subtleties and even the

emotion they evoke." This lack of commoditisation has helped insulate natural-coloured gemstones from the same price erosion that has undercut natural diamonds.

FINANCIAL STRESS

Still, none of this has spared Gemfields from financial turbulence. The company has struggled through a perfect storm of its own, culminating in a \$30m rights issue completed in June 2025. The causes of Gemfields' woes have been far more company-specific than simply soft luxury demand.

Beyond the broader slowdown in global luxury sales, three simultaneous challenges have impacted the group's balance sheet. First, the emerald market was thrown into disarray in the second half of 2024 when a rival Zambian emerald producer flooded the market with discounted stones. Three back-to-back auctions from the competitor, including one billed as "the largest emerald auction in history", coincided awkwardly with Gemfields' own sales.

Buyers, anticipating cheaper stones, held back bids. Revenues at Gemfields' higher-quality emerald auction in November 2024 disappointed, and although a follow-up auction in February 2025 saw partial recovery, the damage was done. Gemfields has responded by pausing mining at Kagem, choosing instead to process stockpiles while waiting for market stability to return.

Second, Gemfields has been hit by a stark drop in premium ruby production from Montepuez. In 2024, the mine yielded only 40,006 carats of premium rubies, roughly half the average of the prior three years. Because a mere 5% of mined rubies typically account for 90% of auction revenues, this shortfall has had an outsized impact on income. There's no obvious geological cause for the drop; management believes it's simply a result of natural variability and expects production to rebound.

Meanwhile, Gemfields pins hope on its new second processing plant at Montepuez (PP2), scheduled to triple processing capacity to 600 tons an hour later in 2025.

The facility should help unlock ruby stockpiles, bring new colour variations to market, and reduce dependence on specific high-value pockets.

Third, Mozambique's political volatility flared up in late 2024, with civil unrest



Fabergé egg

leading to a three-day mining halt at Montepuez and higher costs for supplies and fuel. While conditions have largely stabilised, insurgent activity and illegal mining remain threats.

These pressures forced Gemfields into its \$30m rights issue. As outlined in its rights issue circular, the capital raise aimed to plug a near-term working capital shortfall exacerbated by weaker auction revenues and heavy investment in growth projects.

Chief among those projects is PP2, Gemfields' biggest single investment to date, with an outlay near \$70m. The rights issue was priced at significant discounts of 19.7% to the theoretical ex-rights price in the UK and 21.5% in South Africa. Assore International Holdings and Rational Expectations, significant shareholders, underwrote the deal and provided bridging loans totalling \$13.4 million to keep Gemfields afloat while the rights issue was being completed. Alongside the capital raise, Gemfields has been aggressively cutting costs. Non-essen-



Sean Gilbertson, CEO, Gemfields

tial spending and capital projects have been suspended, including work at certain ruby development assets in Mozambique and a gold project at Nairoto. Mining at Kagem was paused for six months to save cash.

The group is also exploring strategic options, including a potential sale, for Fabergé, its luxury jewellery brand acquired in 2013. Fabergé, with its heritage stretching back to the Russian imperial court, has been used to showcase Gemfields' stones and promote the wider coloured gemstone market.

However, the process has been halted pending completion of the rights issue and might resume later in 2025.

Gemfields' story shows that although diamonds and coloured gemstones often share the spotlight, their markets work in fundamentally different ways.

Lab-grown diamonds have taken significant market share from natural stones, but when it comes to rubies and emeralds, rarity and unique character still drive value.

For Gemfields, the challenge now is to fix its operational issues and prove to investors that natural-coloured gemstones can still hold their premium in a shifting global market.

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POWERING POSSIBILITY

After delays, Kore hits accelerator on Congo mine

BY RAYMOND STEYN



Potash has no effective substitute in fertiliser

GLOBAL food production will need to rise in the years ahead to keep pace with a growing population – especially in Africa – and with dietary shifts toward higher protein and greater variety.

Fertilisers are essential to boosting crop yields, and potash, a potassium-rich mineral, plays a crucial role in this equation. It

supports vigorous plant growth, improves drought resistance, and increases both the quantity and quality of harvests. Unlike many other fertiliser inputs, potash has no effective substitute, highlighting its vital importance for global food security.

Potash is particularly critical for crops like cereals (such as wheat, rice, maize and barley), oilseeds (including soya bean and

canola), fruit and vegetables, tuber crops like potatoes, and plantation crops such as coffee, cocoa, sugarcane and bananas. It's vital for crops that require a high nutrient uptake to produce high yields and good quality, including tomatoes, citrus, grapes, and many horticultural products. These products form the backbone of global food supplies and are crucial both for staple diets and higher-value food production. In addition, potash contributes to the production of animal feed crops, indirectly supporting the livestock and dairy sectors.

After years of slow progress, Kore Potash, listed on the JSE, AIM and ASX under ticker KP2, is finally making headway in turning its high-grade Kola deposit in the Republic of Congo – one of the shallowest potash deposits in the world – into a producing mine.

This deposit underpins the Kola Project, the company's flagship asset, which is expected to produce 2.2 million tons of muriate of potash (MoP) per year. Its location on Africa's west coast provides a shipping advantage into major markets, especially Brazil and the broader African region.

Despite being a global agricultural powerhouse, Brazil relies on imports for more than 90% of its potash needs. Kore sees its proximity to Brazilian ports and its projected low production costs as key advantages for capturing part of this significant market.

The Kola Project's logistics are fully integrated, reducing reliance on local infrastructure. Potash ore will be mined via conventional underground methods and transported 25.5km by conveyor to a processing plant. From there, processed MoP will travel another 8.5km to a dedicated marine export facility, where it is transferred onto barges for loading onto ocean-going vessels. This design aims to lower operating costs and improve reliability, which is crucial for any mining operation in a frontier jurisdiction like the Republic of Congo.

Kore's biggest obstacle has always been funding the project's significant upfront capital cost. Raising that kind of money through equity alone would have required issuing a huge number of new shares, severely diluting existing investors. Instead, Kore announced in June 2025 that it signed non-binding term sheets for the full \$2.2bn funding package with OWI-RAMS, a Swiss

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 **IDC**
Industrial Development Corporation

investment platform linked to the listed Record Financial Group. This agreement could be a turning point for the company.

Under the proposed financing, about 70% of the required funds – about \$1.53bn – will come from a senior secured project facility structured to comply with shariah principles. Instead of traditional interest, this facility carries a fixed profit payment between 6.8% and 9.3% per year. There's a grace period during construction and ramp-up, after which repayments will be spread over seven to eight years.

Strict financial covenants will apply, including cash flow coverage ratios and debt service reserves, but the structure helps reduce dilution for existing shareholders while signalling confidence from

institutional financiers.

The remaining 30% of funding – roughly \$655m – will come via a royalty finance facility. Unlike debt, this financing will never be repaid in principle. Instead, the financier will receive a percentage of gross revenue from the Kola project: 14% while the debt facility is being repaid, rising to 16% thereafter. While those royalty rates are high compared to traditional mining royalties, they allow Kore to avoid a massive equity dilution that would have been necessary if the same sum were raised through issuing new shares.

Kore's updated definitive feasibility study indicates an after-tax net present value (NPV) of \$1.7bn, with an internal rate of return (IRR) of 18%. These numbers assume

an average MoP price of \$449/ton, above the current spot price of about \$362/t but still within the range of market forecasts, given steady global demand growth. Even if prices weaken, Kore's projected delivered cost to Brazil is just \$128/t, suggesting it could remain profitable as one of the lowest-cost potash producers in the world.

Operating in the Republic of Congo carries political and regulatory risks. A few years ago, Kore's relationship with the government was strained when officials detained two employees over frustrations with project delays. That incident underscores the potential volatility of operating in frontier markets. However, Kore has since engaged closely with local authorities and accelerated progress on the project. Political risk remains a factor, and securing political risk insurance or involvement from development finance institutions may

If Kore can deliver the Kola Project as planned, it could transform into a significant player in the global fertiliser market at a time when food security is becoming more critical than ever

be necessary to complete the financing.

Adding credibility to Kore's plans, the company has signed a fixed-price engineering, procurement and construction (EPC) contract worth around \$2bn with PowerChina, a major Chinese state-owned contractor. This contract caps construction costs and includes performance incentives and penalties, helping to protect Kore from the cost overruns that have plagued many large mining construction projects.

PowerChina has also offered to operate the Kola mine, which could bring operational expertise and further lower execution risks.

Kore's shareholder register includes major names, notably Chile's Sociedad Química y Minera (SQM), one of the world's biggest producers of potash and lithium. SQM and another large shareholder have expressed interest in offtake agreements for around 40% of Kore's future production. Such partnerships could help secure sales and improve cash flow predictability once the mine is operational.

Despite the project's potential, Kore Potash remains a speculative investment. The company still faces several years of construction, with first potash shipments now targeted for 2029.

Its current market capitalisation is around R2.8bn, far below the R30bn NPV implied by the feasibility study. That gap reflects the considerable risks still ahead, from financing completion to construction execution and market price volatility. But if Kore can deliver the Kola Project as planned, it could transform into a significant player in the global fertiliser market at a time when food security is becoming more critical than ever.





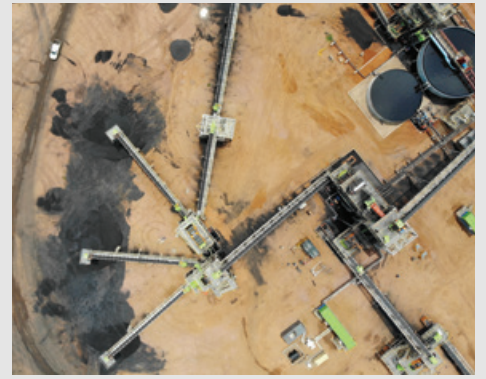
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