HOW CAN WE MAKE MINING MATTER
REALISING POTENTIAL OF SA MINING INDUSTRY

Roger Baxter, CEO, Minerals Council South Africa
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MINING CONTRIBUTION SUMMARY: IN 2018*

- **Direct contribution of mining to GDP:** R356 billion (2017: R335 billion)
- **Mining GDP growth rate (2017/2018):** 1.2%
- **Mining contribution as % of total GDP:** 7.3% (2017: 6.8%)
- **Direct contribution of mining to fixed investment:** R93 billion (2017: R81 billion)
- **Total primary mineral sales:** R475 billion (2017: R474 billion)
- **Mineral export sales:** R312 billion (2017: R307 billion)
- **Royalties paid:** R7.6 billion (2017: 7.5 billion)
- **Company taxes paid:** R22 billion (2017: R19 billion)
- **PAYE by mining personnel:** R21 billion (2017: R19.1 billion)

* Estimates based on latest statistics available
CONTRIBUTION to GDP

Mining's contribution to GDP % (real terms)

- 2009: 8.2%
- 2018: 7.3%

Direct contribution to GDP (Rbn)

- 2009: R201bn
- 2018: R356bn

Mining GDP in real terms has been stagnant for 25 years.
HAVING A SHARED VISION OF THE FUTURE OF THE RSA MINING INDUSTRY
POLICY AND REGULATORY CERTAINTY AND COMPETITIVENESS
AVAILABLE, EFFICIENT, COST COMPETITIVE AND RELIABLE INFRASTRUCTURE
IMPROVING PRODUCTIVITY AND COMPETITIVENESS
South Africa's share of African exploration budgets 2000 - 2017 (%)

- 2000: 20.3%
- 2017: 8.3%

South Africa’s exploration budgets 2000 - 2017 (Rm)

- 2000: R403.6m
- 2017: R87.1m
AVAILABLE, EFFICIENT, COST COMPETITIVE AND RELIABLE INFRASTRUCTURE

IN 2017, THE MINING INDUSTRY SPENT

R9.5 billion on electricity, representing 11.9% of total intermediate input costs. If the 15% annual tariff increase is granted, the sector will likely spend R14.5 billion on electricity which represents a 75% increase in electricity tariffs from 2017 to 2021.

Reduction in investment resulting from a 15.5% increase in electricity tariffs (Rm)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gold (Rm)</th>
<th>Other mining (Rm)</th>
<th>Total mining (Rm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>971</td>
<td>4,449</td>
<td>5,420</td>
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<tr>
<td>2007</td>
<td>1,214</td>
<td>5,722</td>
<td>6,937</td>
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<tr>
<td>2008</td>
<td>1,492</td>
<td>7,220</td>
<td>8,711</td>
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<tr>
<td>2009</td>
<td>1,542</td>
<td>7,675</td>
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<tr>
<td>2010</td>
<td>1,452</td>
<td>7,428</td>
<td>8,880</td>
</tr>
<tr>
<td>2011</td>
<td>1,473</td>
<td>7,742</td>
<td>9,215</td>
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<tr>
<td>2012</td>
<td>1,427</td>
<td>7,657</td>
<td>9,084</td>
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<tr>
<td>2013</td>
<td>1,404</td>
<td>7,799</td>
<td>9,203</td>
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<tr>
<td>2014</td>
<td>1,392</td>
<td>7,953</td>
<td>9,345</td>
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<tr>
<td>2015</td>
<td>1,346</td>
<td>7,907</td>
<td>9,253</td>
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<tr>
<td>2016</td>
<td>1,264</td>
<td>7,642</td>
<td>8,906</td>
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<tr>
<td>2017</td>
<td>1,080</td>
<td>7,931</td>
<td>9,011</td>
</tr>
<tr>
<td>Total</td>
<td>16,056</td>
<td>87,144</td>
<td>103,201</td>
</tr>
</tbody>
</table>

Source: Minerals Council calculations based industry/sector coefficients
A growth rate of between 3% AND 5% could result in a doubling of most mining outcomes in 12 TO 15 YEARS.

WHAT IF?
We asked what could happen if the policy, regulatory and governance environment improved substantially?

Estimated currently planned capital spend over next 4 years of R145 billion (stay-in-business) capital could increase by R122 billion (84%)
With R122 billion more investment,

48,000 direct jobs

150,000 direct and indirect jobs created

Potential investment per commodity (R billion)

- Coal: 51.4
- Diamonds: 0.4
- Energy: 30
- Gold: 37.5
- Uranium: 3.1

Additional potential of R122 billion capex
Thank you