

African Mining Network

22 February 2017 presentation

Report written by **Tessa Kruger**

Different Angles Communications

Email: tessak@differentangles.co.za

Phone: +27 (0)82 738 2280

South Africa is an elephant country that needs dung beetles, says Bernard Swanepoel.

South Africa is truly 'elephant country' when it comes to mining. It has been endowed with some of the best ore bodies in the world and stands out as the country with the world's deepest mines. In addition, nearly all the mining companies in the world have roots in South Africa.

But there is a shortage of 'dung' or junior miners born from elephant droppings in South Africa as it is easier to run big companies in the local business environment than small ones, said Bernard Swanepoel at the recent African Mining Network event held at the Wanderers Country Club.

Swanepoel elaborated that in order to make the South African mining space favourable for junior miners, ten regulations need to be scrapped for every one that is contemplated. There are as many as 214 pieces of legislation that apply to small listed mining companies here, which implies that junior miners either break the law or go out of business.

"You can't start a mining company, as big government and big business have created a space where only they can exist," stated Swanepoel. One factor that makes the small business environment challenging is the fact that the discussion about labour focuses on wages instead of job creation. example of the challenging small business environment is the labour discussion's focus on wages and not job creation.

What is more, said Swanepoel, the regulatory system is dysfunctional: the owners of the approximately 2 000 active prospecting permits in South Africa aren't finding new ore bodies and the permits aren't being circulated. "If the system was functioning effectively, we would either have a great number of miners or we would have prospecting licences changing hands," he emphasised.

Swanepoel added that the government took mining rights away from the Anglos, but is not taking it away from people who are not working it. "How do we eat this elephant problem we have created?" Swanepoel asked. He revealed that one way of achieving this was through regulatory certainty,

but cautioned that junior miners needed practical, viable certainty as they cannot live with bad certainty like major miners are able to do.

Swanepoel also made the point that where the regulator has the ability to delay something it also has the ability to fast-track it. The trade-off of time and money is critical in the junior exploration space as a six-month delay of a junior's project means the end of it, while a major miner like Harmony could survive an 18-month delay in the transfer of mining rights.

Exploration

Touching on the subject of exploration, Swanepoel said that it is undertaken on behalf of the people of a country. If the government does not incentivise people to conduct exploration here, they will naturally go and do it elsewhere. There is no space for true exploration in South Africa; if Hans Merensky lived today he would be in jail, Swanepoel commented humorously.

"Exploration is simply not taking place; we are the now the least active in exploration in the world," he said.

He shared that we are running out of ore bodies in the country, with less platinum and diamonds being produced, while there have been no major discoveries in South Africa in the last five to eight years. This all points to the fact that the system is not working.

Swanepoel also expressed the view that exploration data should become public property when exploration licences expire. If South Africa had a national database of geological exploration information, we would not have to undertake early exploration at all.

"But the data that had existed in the past no longer exists for those who don't pay for it," he said. "South Africa was once one of the most explored countries in the world, but now we are falling behind."

Swanepoel concluded that there is simply no junior sector in South Africa where the elephant droppings *must* produce some dung beetles. Interestingly, Swanepoel said he is committed to remaining in the junior mining space until he is successful.

"I have been active in the junior minor sector for the past ten years; my involvement in the sector reads like a horror story," joked Swanepoel. "Delta Mining, Lesego, Blyvoor, ConsMurch – I think admitting to five big mistakes is enough. But I am going to keep on coming, until I find a success story."

Ends...