

Junior players are vital to future of the mining industry

Creating an enabling environment for junior miners is imperative to the revitalisation of the local industry.



Deputy Minister of Mineral Resources, Godfrey Oliphant. Photo: Wynand van der Merwe

"South Africa today is very different to a year ago, and the prospects are very different. We have the potential to develop for the benefit of all," Godfrey Oliphant, deputy minister of mineral resources, told the Junior Indaba. Proof of this, he said, is the country's recent invitation to the G7 Summit in Canada, following a significant absence.

"The president said South Africa would use the opportunity to invite investors to inject capital into the mining sector. Investment in the sector is particularly crucial for junior miners as most struggle to grow and be sustainable due to challenges that include limited or no funding as well as a lack of mentorship."

As a result, the Department of Mineral Resources (DMR) launched a junior mining programme last year to provide opportunities for new entrants identified throughout the mining value chain, and assist with issues of access to funding, geological information, compliance and access to markets, to diversify ownership, participation and increase investment and job creation in the sector.

Junior miners fund

"This has prompted us to partner with the Industrial Development Corporation (IDC) and we are in the process of establishing a junior miners fund to particularly focus on providing exploration investment capital to black-owned emerging miners, considering that funding institutions are not willing to invest in that space," Oliphant said.

He adds that the department has also started engaging the private sector to assist government by contributing a small portion of their turnover to this fund to keep it sustainable. “We urge companies to heed our call and assist us. Currently we have over 90 companies on our database - all of whom require funding.”

They have also partnered with the Department of Trade and Industry (dti) to sponsor junior miners to travel abroad, to source foreign direct investment (FDI) for their projects.

Mapping programme

In addition, the government has invested R20bn in a 10-year intensive mapping programme by the Council for Geoscience (CGS). “Not only are we not utilising this institution well enough - it boasts a reservoir of information - but we need to develop it more.”

The aim is to map the country’s mineral resources on a scale of 1: 50,000. Already in the past year coverage has been doubled from five to 10%.

“We are on track to have a multidisciplinary integrated mapping platform that constitutes all aspects of the geosciences field by 20.

“For mining to be sustainable, it requires ongoing and extensive exploration, given the time it takes to bring new mines into production. Junior miners are the principal drivers of exploration, resulting in them having the largest potential to creating new employment opportunities in the sector.

The department will continue to intensify its support to the junior mining sector. “The emergence of vibrant small- and medium-scale enterprises is vital for the future of the mining industry. We believe they are the future drivers of growth and sustainability of the sector,” Oliphant said.

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