

## **The elephant country that needs dung beetles**

The chairman of South Africa's Junior Indaba was blunt.

South Africa is elephant country when it comes to mining but it needs dung beetles, he said in an email to mining professionals.

Bernard Swanepoel says South Africa 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 major mining companies in the world have roots in South Africa.

"But there is a shortage in South Africa of 'dung beetles' or junior miners born from elephant droppings as it is easier to run big companies in the local business environment than small ones," he said.

"In order to make the South African mining space favourable for junior miners, 10 regulations need to be scrapped for every 1 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."

Mr Swanepoel says big government and big business have created a space where only they can exist in South Africa, which prevents new mining companies being started.

We at Stonewall are particularly interested in his observations because our company already has established gold assets in South Africa and we are reawakening a giant goldfield in South Africa's Eastern Goldfields, where the country's gold mining began almost 130 years ago.

We are developing our fully permitted near-surface 3.4Moz TGME gold project near the towns of Pilgrims Rest and Sabie in Mpumalanga Province 300km northeast of Johannesburg.

Mr Swanepoel says one factor that makes the small business environment challenging is the fact that the discussion about labour focuses on wages instead of job creation.

"What is more," he said in his email, "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 new miners or we would have prospecting licences changing hands.

"The government took mining rights away from the 'Anglos' but is not taking them away from people who are not working it."

Mr Swanepoel posed a simple question: How do we eat this elephant problem we have created?

He says one way of achieving this is through regulatory certainty but take caution: junior miners need practical, viable certainty as they cannot live with bad certainty like major miners are able to do.

"Where the regulator can delay something, it can also fast-track it," he said.

"The trade-off of time and money is critical in the junior exploration space.

"A six-month delay of a junior's project means the end of it but a major miner like Harmony could survive an 18-month delay."

Exploration is simply not taking place, he said. South Africa was once one of the most explored countries but now it is the least active in the world.

"We are running out of ore bodies, with less platinum and diamonds being produced and no major discoveries in South Africa in the past five to eight years.

"This all points to the fact that the system is not working."

Mr Swanepoel's solution is to make exploration data 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," he said.

"But the data that had existed in the past no longer exists for those who don't pay for it."

He said South Africa needs a junior sector where the elephant droppings *must* produce some dung beetles.

- The 2017 Junior Indaba will be held in Johannesburg on June 7 and 8.