

# Mining in South Africa

When you are discussing or reading about mining, like you are now, there is one country that cannot be ignored. That country is South Africa.

The South Africa mining sector has put Africa on the world map with its numerous mining and investment opportunities.

Let's begin with some facts about this sector,

In 2018, the mining industry contributed 350 billion rands to the South African GDP making it the fifth-largest mining sector in the world in terms of Gross Domestic Product value.

The mining sector has contributed heavily to the development of South Africa as a country, providing employment to thousands of South Africans yearly as well as revenue that's up to 20 trillion rands annually to the government.

In fact, the sector is the leading contributor to the South African economy with gold mining playing a major role. You might know already that South Africa is known for its gold production.

But before the discovery of gold, mining had been going on in South Africa.

Large-scale mining started with the discovery of diamonds on the banks of the Orange River in 1867 by Erastus.

The river is the largest river within the borders of South Africa. It runs through Lesotho and also serves as international borders between South Africa and Lesotho as well as South Africa and Namibia.

Nineteen years later, that is 1886, gold was discovered in the Witwatersrand Basin, and that marked the beginning of large-scale gold mining in South Africa.

Gold quickly became a huge potential which attracted investors and also became South Africa's most exported resource. Today, the largest gold mine in the world by reserves is the South Deep Gold mine located in South Africa.

An interesting fact is that gold and diamond are not the only two minerals mined in South Africa. The country boasts of numerous mineral resources which are discussed below.

## Mined minerals in South Africa

South Africa, just like many African countries is blessed with rich land with mineral resources. South Africa boasts of up to 22 mined and exported minerals.

Let's discuss some of them,

## Platinum

Maybe you are not aware, South Africa is the largest producer of platinum. About 90% of the global platinum reserves. That means the majority of the world's platinum is found in the Marikana platinum mine, South Africa.

In 2019, platinum export generated about 8.5US dollars of revenue. This is according to the South Africa-British mining company, Anglo American Platinum.

## Gold

South Africa used to be the largest producer of gold in Africa until 2019 when Ghana took over.

In 2020, South Africa recorded yet another decrease in the production of gold. From 105,000kg in 2019 to 90,000kg in 2020.

However, this does not mean gold mining is no longer booming in South Africa. The value of gold exports in 2019 was estimated to be 4.6billion dollars.

## Coal

South Africa is the fourth-largest exporter of coal in the world producing about 224 million tonnes a year. Coal is useful for the production of electricity and much of the coal produced about 90% is consumed in the Africa continent.

In a report, it was recorded that South Africa exported 67.4mln tonnes of coal in 2019 which is about 4.6US billion.

## Iron ore

Mined in the Northern Cape, Limpopo province of South Africa, iron ore is used to make steel. South Africa is the number one producer of iron ore in Africa. Nearly 70 of the iron ore found in South Africa is mined by Kumba iron ore limited, an Anglo America company in South Africa.

## Diamond

Diamond is one of South Africa's most-produced minerals. In 2019, 7.2 million carats of diamond were produced.

This made South Africa sixth in the world's largest producers of diamonds.

These are some of the minerals mined in South Africa but findings have also shown that South Africa has reserves of other minerals like titanium, vanadium, zirconium, zinc, lead, and copper.

Without any much objection, I'm sure you would agree that the mining sector in South Africa is an already established industry.

Just like every other multibillion-dollar sector, there are challenges. Let's discuss more challenges facing the mining sector in South Africa.

## Challenges facing the mining industry in South Africa

There are many challenges facing the mining industry in South Africa today but the major will be the uncertainty of mining laws.

It is almost impossible for investors to make decisions that last since the laws are constantly changing. For example, the Mineral and Petroleum Resources Development Amendment (MPRDA) is subject to being reviewed constantly and this will delay investors when making decisions.

This delay, in the long run, makes granting authorization even further delayed.

That brings me to another huge challenge, which is delayed authorization. Without legal authorization, mining activities cannot commence. Any mining activity carried out without proper authorization from the government is illegal yet getting one takes time.

For instance, It might take up to four or five years to obtain a gold mining license but the license alone does not mean mining can begin, you still need environmental authorization and mining rights. All of these take too much time.

Another challenge is the shortage of refineries. Truly, South Africa has been endowed with mineral resources but refineries are not enough so the ores are mostly exported.

Many of the mined minerals are exported in raw form.

For example, gold ores are the most exported since there are not enough refineries to refine them.

Speaking of gold mining and refinery, a revolution is taking place in the gold mining industry as well as Africa's mining industry.

## Revolution in Africa's mining industry

The Africa continent is full of untapped natural resources and this serves as a great investment opportunity. Countries like South Africa and Ghana used to be the leading producers of minerals.

Today, things are changing in the industry. More countries are now investing so much in their mining industry and they are better alternatives to South Africa and even Ghana.

One of the countries becoming an alternative to mining in South Africa is Tanzania.

For instance, in 2020, Tanzania began operation in the Precious metal refinery where gold will be refined with international standards by 99%. This standard beats that of South Africa gold refineries as well as other refineries in Africa.

According to reports, the refinery ranks number three in terms of capacity in Africa. It can process over 960kg of gold per day.

Now, let's take a closer look at the mining industry in Tanzania.

## Mining in Tanzania

Just like most African countries, Tanzania is blessed with numerous natural resources. The mining industry is the leading sector contributing up to 3% of the total annual GDP. Although the government has the ambition to make that 10% by 2025.

Foreign investors are getting really involved in the development of mining in Tanzania. The United Kingdom is the largest, then India and China.

Just like South Africa, gold is the leading mineral export in Tanzania. They are the 4th largest gold producer in Africa.

Gold contributes more than 90% of revenue from mineral exports, because of this, there has been a major development in the gold mining industry.

An example of such development is the Precious gold refinery.

However, there are more mining opportunities than gold mining. Here are some,

### Coal

Coal mining has been receiving a boost in investment as Tanzania turns to power stations made with coal for energy.

### Tanzanite

When I said Tanzania is blessed, I mean they are really blessed with natural resources. Tanzanite is a very rare blue and violet mineral found only in Tanzania.

It is found in a very small mining area around the Mererani hills. Because of its scarcity, there are strict laws guiding its exportation.

The Tanzanian government also provided a certificate of origin to exporters of Tanzanite in order to curb illegal exports. Tanzanite is used majorly to make bracelets, earrings, and necklaces.

## Diamond

The Williamson diamond mine is the oldest continuously operating diamond mine in the world. It was established in 1940 by Canadian geologist John Williamson. The mine was named after him but later partly owned by the Tanzanian government.

It is also the first significant diamond mine outside South Africa, producing over 3,800kg of diamonds over time.

In 2016, the mine sold diamonds worth 82 million USD.

There are other mined minerals include iron, sapphire, platinum, palladium, zircon, and many more.

## Advantages of investing in the mining industry in Tanzania

- Tanzania offers a politically stable environment for investors and also a fast booming economy.
- You are exposed to over 900,000km square size of land with potential mineral resources. Ongoing exploration on the land has resulted in the discovery of mineral resources like gold, tanzanite, diamonds, coal. There is an opportunity for you to find more.
- Ample support service from the Tanzania government. The government is focused on a 10-year plan to reform the industry. It hopes to help miners conduct their practices in a safe environment.
- Access to a comprehensive archived database on mineral resources.
- Tanzania offers a favorable climate condition. Temperature ranges between 10 and 20 degrees celsius in the highland region and falls lower than 20 degrees celsius for the rest of the country.