

Department of Mineral Resources

Junior Miners

Presentation to Parliamentary Portfolio Committee

24 May 2017



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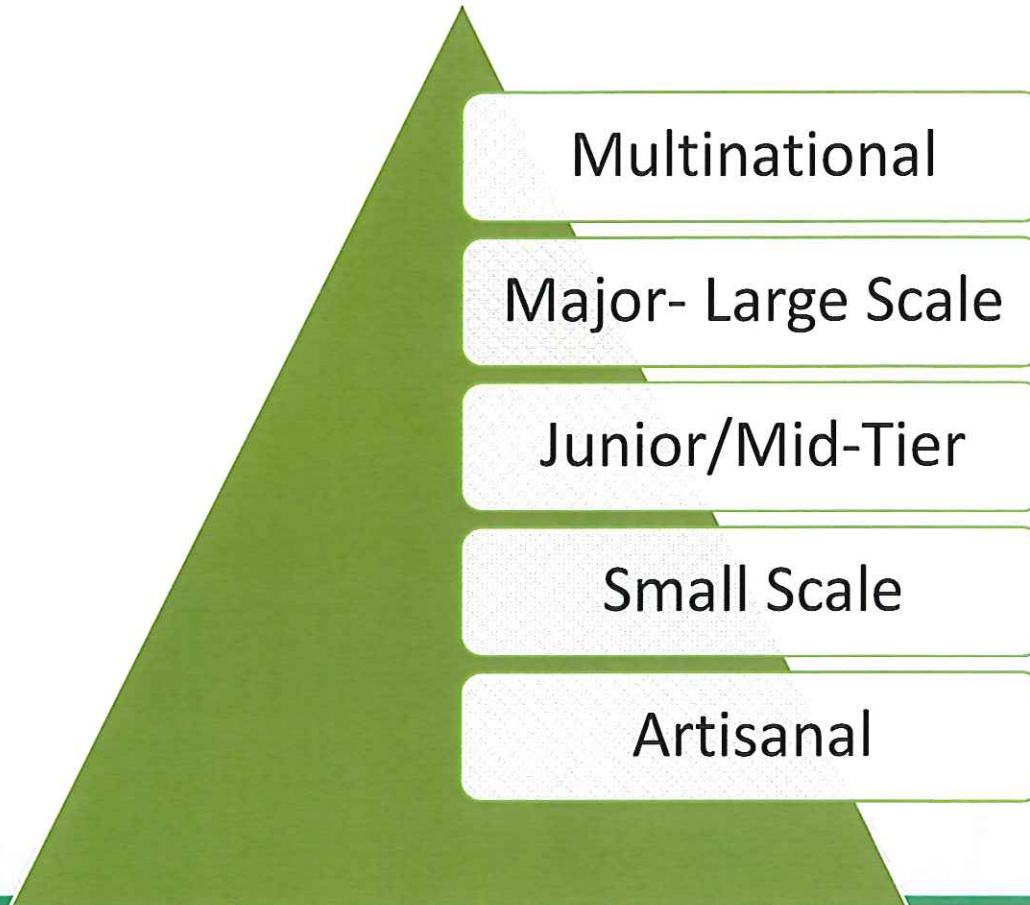


Presentation Outline

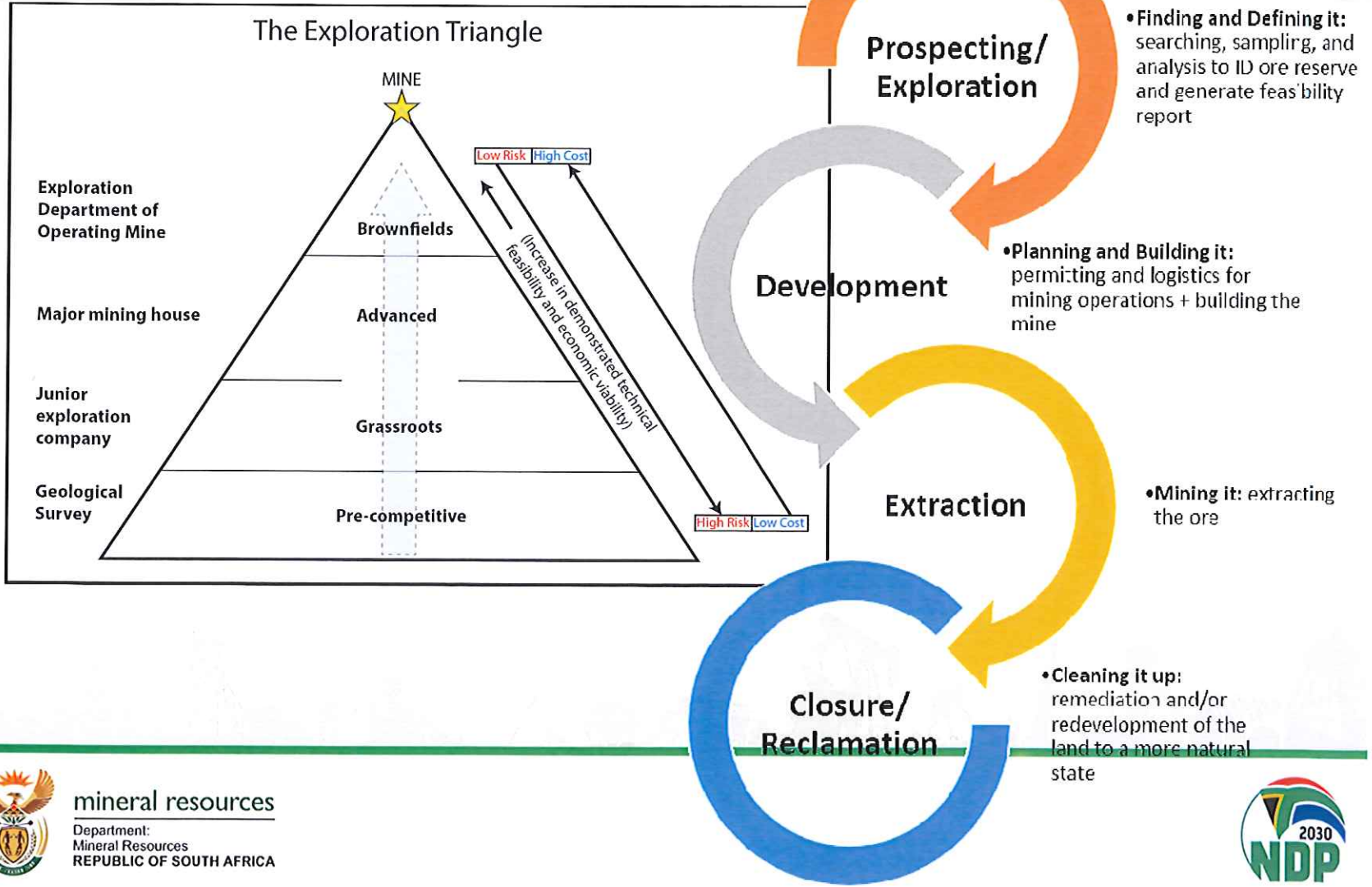
1. Background
2. Target Beneficiaries
3. Outcomes and Outputs
4. Process to date
5. Strategy and Critical Success Factors
6. Funding in focus
7. Examples of Projects
8. Conclusion and Way Forward



Distribution of Mining Activities



Juniors in Exploration



Target Beneficiaries

- Opportunities of new entrants identified throughout project life-cycle, and at all levels of the distribution of mining activities include
 - Small Scale Artisanal Miners
 - Prospectors and Developers
 - Mining Operators (mid-tier and large)
 - Active BEE equity participants
 - Mining Suppliers and Service Providers
 - Beneficiators
 - Environmental Rehabilitation and Re-mining (historic)



Outcomes and Outputs

- Increased Investment and Job Creation
- Vibrant Small and Medium Scale Enterprises
- Rural Development and Improved Spatial Distribution of Wealth
- Diversification of Economic Activities
- Youth and Woman Economic Empowerment

THROUGH

- Strategy to identify and address bottlenecks throughout mining lifecycle
- Mining Toolkit for New Entrants
- Direct Project Support (financial and non-financial)



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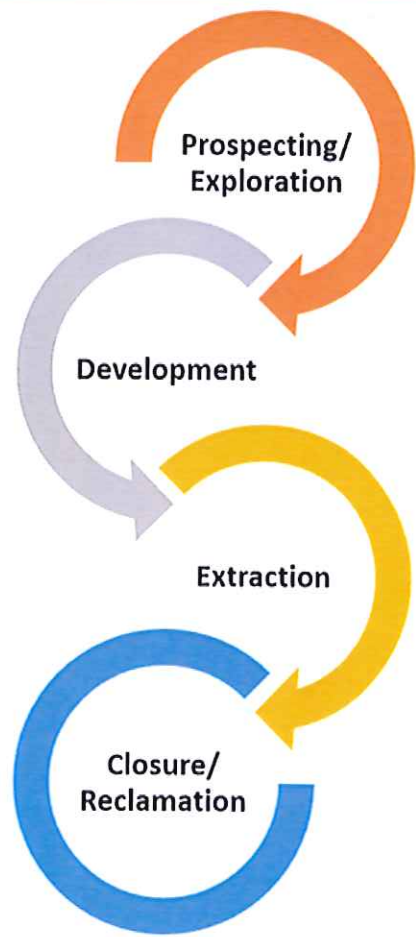


Process to Date

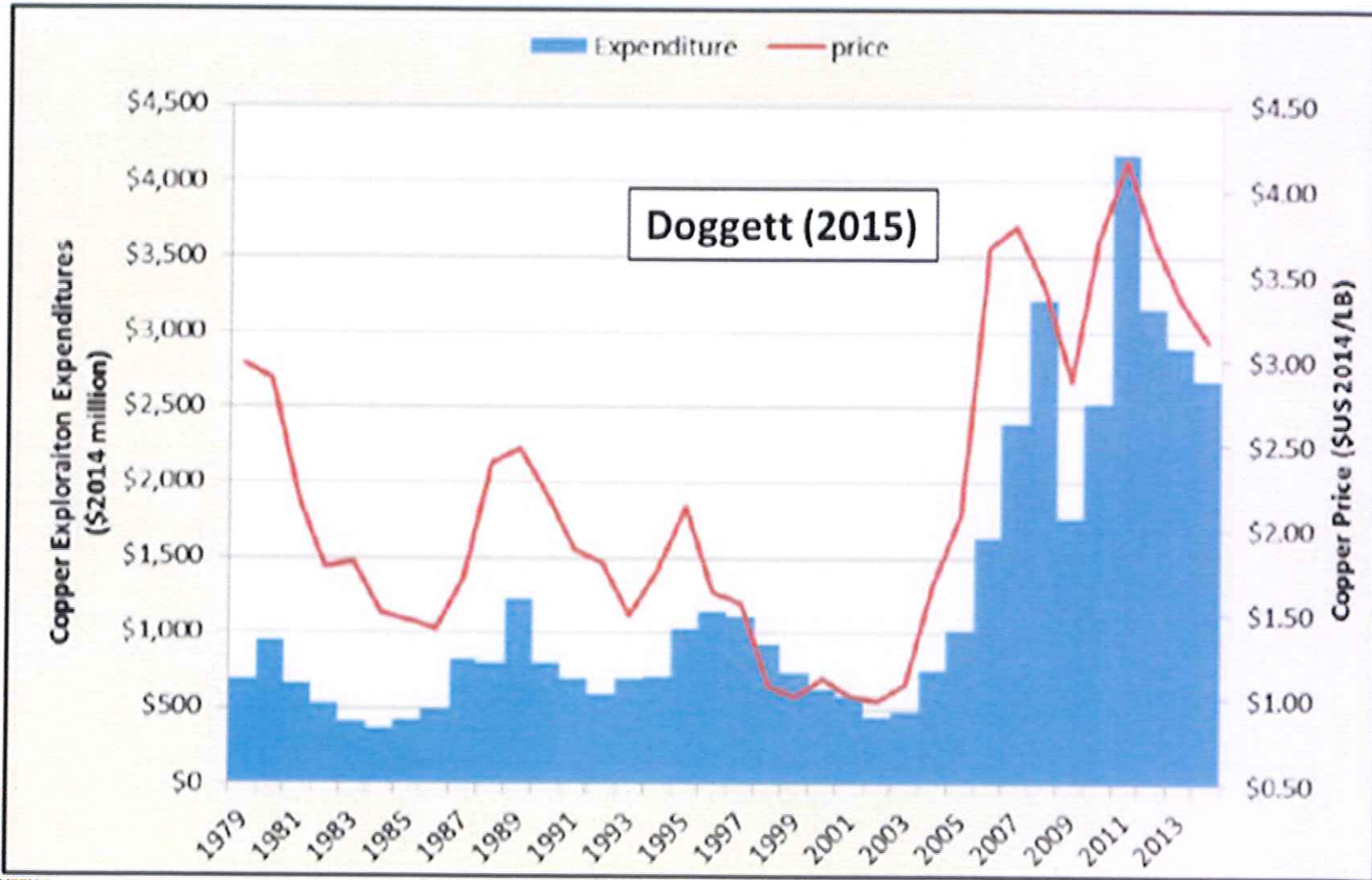
- Desktop Studies
- Projects packaged for investment promotion and facilitation (i.e. Mining Indaba, PDAC)
- Consultations with BEE entrepreneurs, junior miners and new entrants including most recently 15 March 2017, 4 April 2017, and 20 April 2017.
- Consultations with Development Finance Institutions
- Drafting of Strategy
- Collation and assessment of projects for preparation or facilitation



Strategic Pillars



Exploration Investment Trends: Copper



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Access to Funding

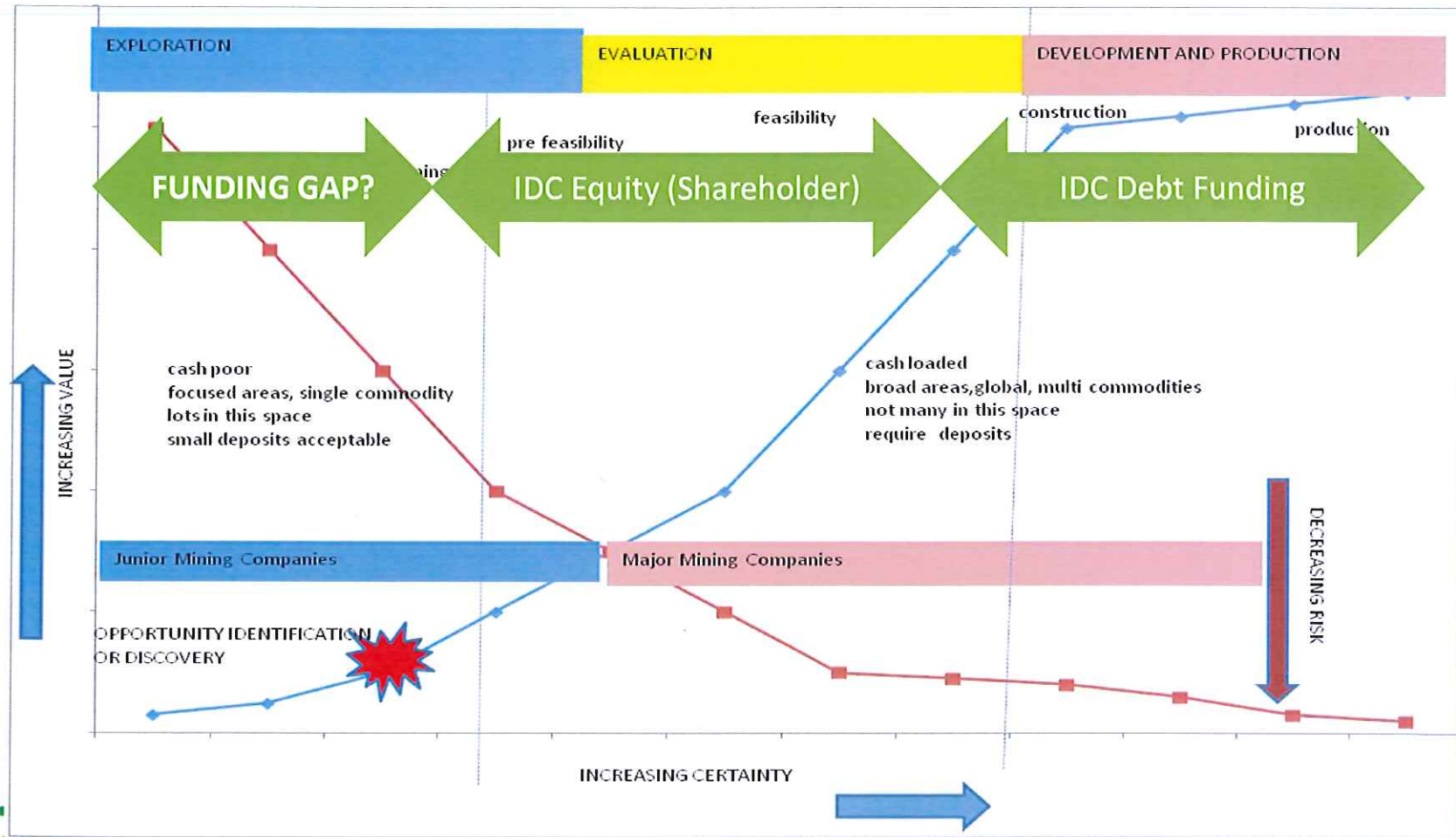
FUNDING PROJECTS AND PHASES TO BE CONSIDERED WHEN ASSIGNING FUNDS		
PROJECT STAGE	RISK LEVEL FOR INVESTORS	SOURCES OF CAPITAL FOR RISK LEVEL
EXPLORATION	HIGH	Private resource
SCOPING STUDY	RELATIVELY HIGH	<ul style="list-style-type: none"> - Retail speculators - Major producers - Private equity
PRE-FEASIBILITY	MEDIUM RISK	<ul style="list-style-type: none"> - Specialised resource funds - Private equity
FEASIBILITY STUDY	LOW RISK	<ul style="list-style-type: none"> - IPO's and Listings - Public Equity - Fund managers - Producers
CONSTRUCTION	DE-RISKED	<ul style="list-style-type: none"> - Debt from banks and DFI's - Offtake and traders - Rights issue
PRODUCTION	DE-RISKED	<ul style="list-style-type: none"> - Corporate Finance - Banks and working capital - Shareholders



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Access to Funding (2)



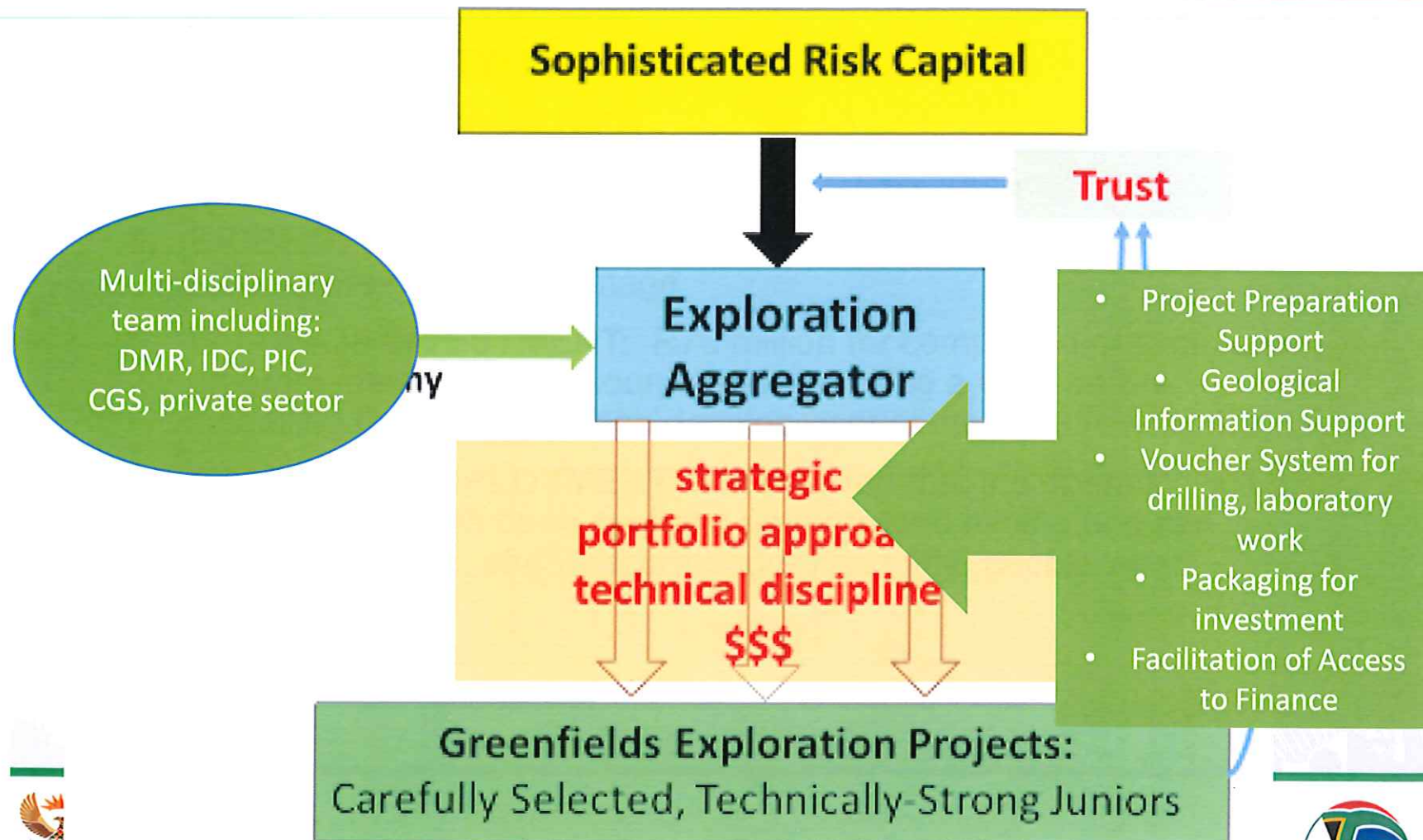
reproduced from a mineral corporation presentation, Frank Gregory, 2011



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Exploration Aggregator Model



Conclusion and Way Forward

- Re-launch of Small-Scale Miners Support to do more with less (lease options, cooperative models)
- Strengthening of Exploration Aggregator Model and Piloting of Model
- Finalisation of the Strategy and Strengthening of institutional mechanisms for implementation
- Publication and widespread communication of the Strategy and “Toolkit”
- Taking Government to the people, especially in rural location for small scale mining outreach;
- Career awareness, youth days, small business association outreach
- Consultation with stakeholders and other government departments
- Identifying and planning for synergies with other priority programmes (rehabilitation, illegal mining, black industrialists etc)

