

Are things looking up for the mining industry?

South Africa's mining sector is inching painfully towards better times, progressing beyond the Mining Charter furore to other key areas such as climate change, energy sustainability and environmental, social and governance (ESG).



Image source: Getty/Gallo

This was evident at the recent Joburg Indaba on resources and mining in Africa, says Marcin Wertz, partner and principal mining engineer at SRK Consulting.

"The tone was certainly optimistic. Concerns about the future of South Africa's power generation capacity, however, did dampen proceedings considerably," he says.

He noted that an important source of the new-found confidence was the positive relationship that was now evident between government and the industry. "The president and the minister of mines are both ex-mining industry unionists, and they understand the industry."

That said, there was still concern at the relatively slow pace of government progress towards building confidence in the economy.

Climate change

Moving centre stage at the conference was the climate change discussion, according to Andrew van Zyl, SRK Consulting partner and principal consultant.

“There is greater acceptance of the need to transition to cleaner energy, especially as a number of coal-fired power plants and coal mines reach the end of their lives. Ideally, this should be a planned and managed transition – so that proactive steps are taken to mitigate the impact on stakeholders invested in the coal industry.”

Such intervention could include facilitating the exit of employees reaching retirement age, the continuation of staff in export and metallurgical coal, and the equipping of others to join new entrants in the renewable energy space.

Life left in coal

The Indaba highlighted, however, that there was still plenty of life left in the coal sector, says Wertz.

“While the country is moving towards cleaner energy, it does seem that predictions of lower coal demand are misplaced. Countries in the east such as Japan, as well as the Middle East, will continue to demand our coal – although we have to compete with other players entering the market.”

The future scope for minerals related to energy generation is also exciting. “There seems to be duality in new energy potential, with a focus on battery metals in Europe and fuel cells in Africa,” he says.

Joseph Mainama, SRK associate partner and principal mining engineer, agrees that new technologies will support future growth in the mining sector as cleaner energy becomes imperative.

“Fuel cells present an exciting opportunity going forward, even though they currently lag behind batteries from a development point of view,” said Mainama. “Support infrastructure for fuel cells remains one of the main challenges.”

Another ray of hope was increasing enthusiasm about mineral prospects in the Northern Cape – which is hoped could become a major mining region.

“The Northern Cape’s deposits and projects related to copper, zinc, iron ore, manganese and diamonds are starting to feature increasingly prominently in mining discussions,” says Wertz.

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