

# SOUTH AFRICA'S MINERAL RIGHTS: WHAT LIES AHEAD

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***IMnI Annual Conference  
3 – 6 June 2003  
Rio de Janeiro***



# RSA MANGANESE OVERVIEW



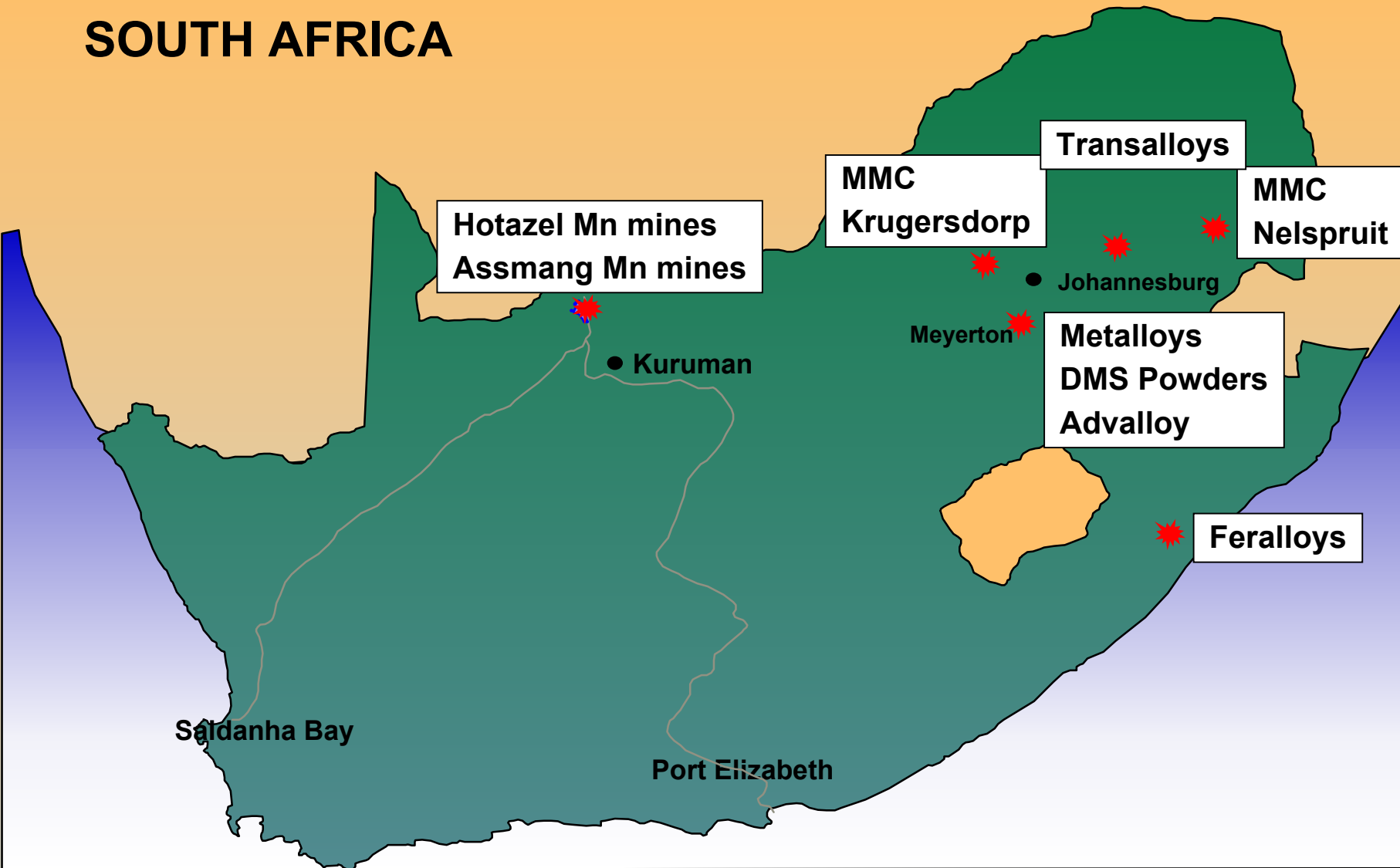
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# KALAHARI BASIN GLOBAL RESOURCE

	<b>Global Resource (billion tons)</b>
<b>Samancor</b>	<b>8.50</b>
<b>Assmang</b>	<b>4.16</b>
<b>Total</b>	<b>12.66</b>

# RSA Mn OPERATING UNITS

## SOUTH AFRICA



Hotazel Mn mines  
Assmang Mn mines

MMC  
Krugersdorp

Transalloys

MMC  
Nelspruit

Johannesburg

Meyerton

Metalloys  
DMS Powders  
Advalloy

Feralloys

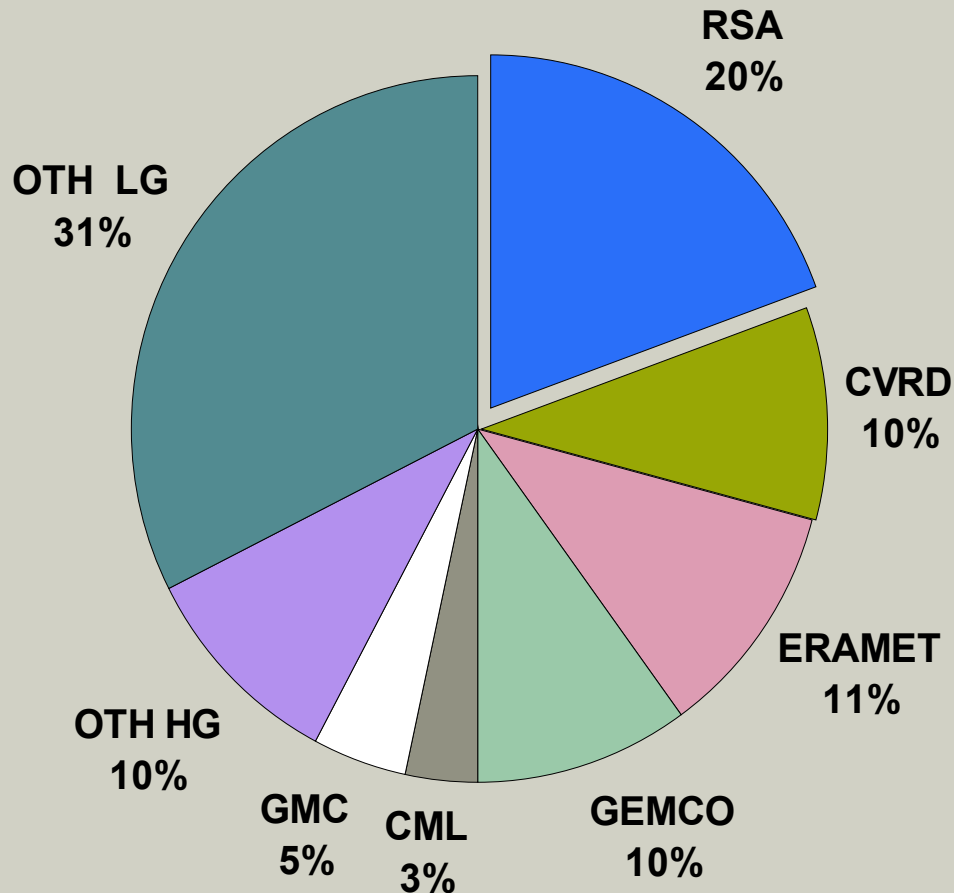
Saldanha Bay

Port Elizabeth

Kuruman

# WORLD Mn ORE PRODUCTION 2002

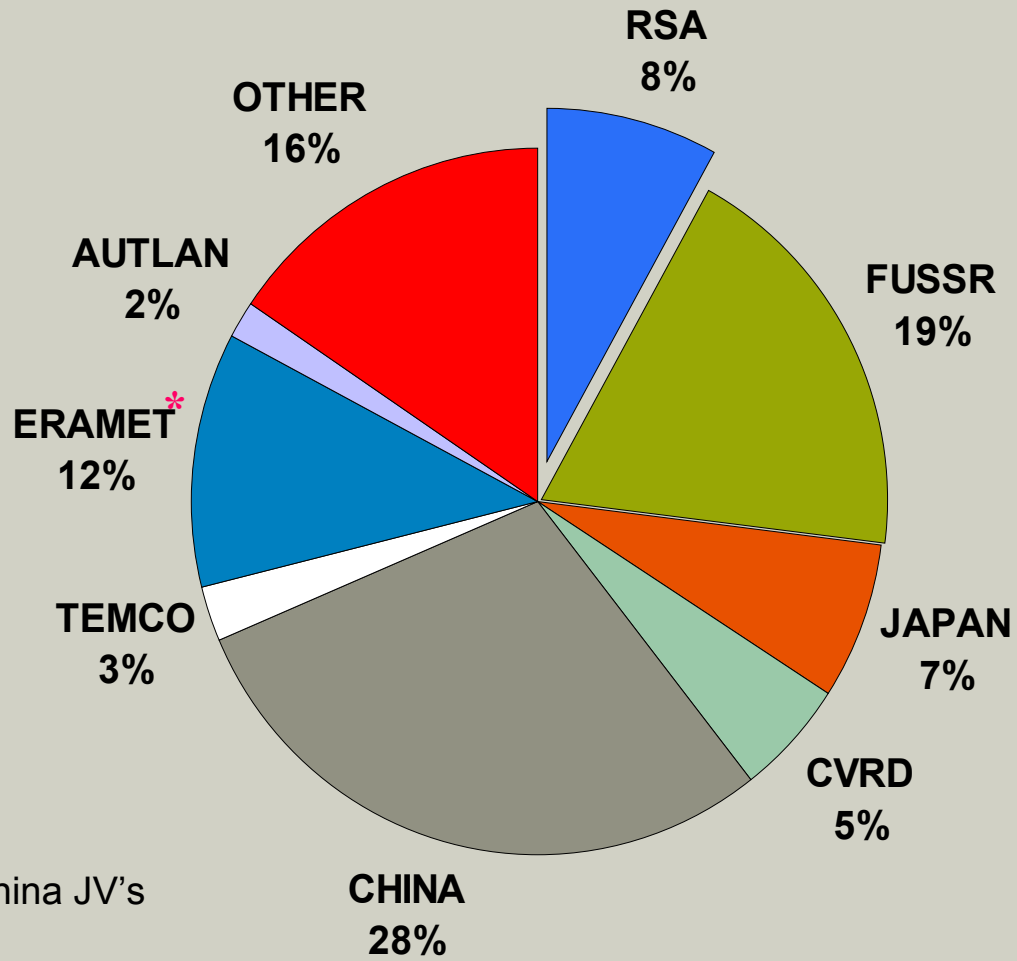
## 7.7 Mmt contained Mn



Source: IMnI/ BHPB

# WORLD Mn ALLOY PRODUCTION 2002

## 7.9 Mmt



\* Includes China JV's

# RSA MINERALS LAW and MONEY BILL



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# RSA MINERALS AND PETROLEUM RESOURCES DEVELOPMENT ACT

## 3 Main components

- **Minerals and Petroleum Resources Development Act**
- **Mining Charter and Scorecard**
- **Minerals and Petroleum Royalty Bill**

# RSA MINERALS AND PETROLEUM RESOURCES DEVELOPMENT ACT

## *Fundamentals*

- **All mineral rights belong to the state**
- **Private ownership to cease**
- **Promote equitable access to resources**
- **Historically disadvantaged people preference in access**
- **Promote economic growth**
- **Provide security of tenure**
- **Sustainable development**
- **Socio-economic development**

# MINING CHARTER AND SCORECARD

## *Charter Features*

- **Aim – 26% HDSA ownership in 10 years**
- **Human resource development – functional literacy and numeracy in industry by 2005**
- **Employment equity – 40% HDSA participation in 5 years**
- **Procurement – HDSA to be given preference**
- **Beneficiation – to be grown locally**
- **Financing – Industry to facilitate the process**
- **Licensing – points approach iro empowerment criteria**
- **Monitoring – annual reporting of progress**

# MINING CHARTER AND SCORECARD

## *Scorecard*

- **Designed to facilitate conversion of old to new order rights**
- **Monitor progress through annual reporting**

# Mineral and Petroleum Royalty Bill – work in progress

*From Finance Ministry not DME*

## 2 Main issues

- ✓ **Royalty formula**
  - **Rate \* Tradable value**  
*or* \* **Gross sales (if tradable value not available)**
  
- ✓ **Different royalty rates for different commodities**
  - **Ranging from**
    - **1% for sand**
    - **2% for manganese**
    - **3% for gold**
    - **4% for platinum group metals**
    - **5% for semi-precious stones**
    - **8% for diamonds**

# WHAT LIES AHEAD?



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# TOP PRIORITY DME GOALS FOR Mn INDUSTRY TRANSFORMATION

- **Compliance with the Act and Charter**
- **Maintaining global market share**
- **Maintain HSE standards**
- **Maintain industry value**
- **BoP benefits sustained / expanded**
- **Fiscal receipts maintained / expanded**

# TOP PRIORITY INDUSTRY GOALS FOR Mn INDUSTRY TRANSFORMATION

- **Maintaining license to operate**
- **Industry sustainability in slow growing market**
- **Maintain HSE standards**
- **Maintenance of industry value**
- **Better rail and port efficiencies and tariffs**

# GOAL ALIGNMENT FOR Mn INDUSTRY TRANSFORMATION

	DME	Industry
• Compliance with the Act and Charter	<input checked="" type="checkbox"/>	
• Maintaining global market share	<input checked="" type="checkbox"/>	
• Maintain HSE standards	<input checked="" type="checkbox"/>	
• Maintain industry value	<input checked="" type="checkbox"/>	
• BoP benefits sustained / expanded	<input checked="" type="checkbox"/>	
• Fiscal receipts maintained / expanded	<input checked="" type="checkbox"/>	

# A VIEW FROM THE IDC

- **Fund commercially viable mining projects**
- **Preference to have strong operating partners**
- **Expect the partners to contribute to the funding**