



Reflections on 2024: Resilience and hope



Over the past few weeks, I have asked a number of my colleagues in the mining industry about their sentiments on the current and future status of the mining industry in South Africa and the region. Although this exploratory exercise was not based on any specific scientific design, the responses were extremely diverse, ranging from extreme pessimism and despondency to excitement and hope. Obviously, the responses depended on specific factors such as geographical location, stage in one's career and commodity of interest. Of course, I totally understand the sentiments of those who felt overwhelmed, despondent, and even despair in 2024. Despite the optimism at the beginning of the year, 2024 was a tough year for most mining companies, especially those affected by falling basket prices of commodities such as PGM, lithium, and nickel. I also understand the positive sentiment for those whose operations were backed by star commodity performers such as gold, copper, rare earths, and graphite.

The huge supply/demand deficit arising from supply outpacing demand for most, had a significant impact on the producer market prices. Despite commodities such as PGM (in particular, palladium), lithium, and nickel playing a critical role in the clean energy transition, overcapacity and oversupply in the market depressed the commodity prices, leading to mothballed mining projects, mine closures, and retrenchments. The industry also had to contend with capital scarcity, inflation-induced increase in operating costs, resources and reserve depletion, technological disruptions, geopolitics, and protectionism. The fractured geopolitical environment not only creates challenges to raising capital and acquiring cutting edge technologies, but also presents security of tenure and operation in the various mining jurisdictions. At first glance, the outlook in the Southern African mining industry appears grim. The depressed prices of major commodities paint a picture of an industry in decline, a sunset industry with limited growth opportunities. Although disturbing, these challenges provide opportunities for a mindset shift in the industry. All we need is a growth mindset that can turn the current obstacles into an opportunity to build resilience in our beloved industry.

We have a lot of reasons to celebrate. We are talking about an industry that is capable of reinventing itself, an industry that is capable of mobilizing the resources and stamina needed to spur sustainable economic growth. For optimists like me, who view the world through the glass half full lenses, our industry is just going through a metamorphic change and will emerge stronger and better, like the mythical phoenix bird. According to Greek mythology and analogues in many other cultures, a phoenix is an immortal bird that cyclically regenerates itself. Associated with the sun, the phoenix obtains new life by rising from the ashes of its predecessor, symbolizing hope, resurrection and renewal. Our mining once went through many devastating economic cycles and yet emerged stronger and more resilient, thanks to the clean energy transition that has presented numerous opportunities to the mining industry. The mining industry is at the core of the clean transition as a supplier of the raw materials needed to transition to a net-zero economy. In my October commentary, I highlighted how the emerging economic epoch, driven by critical metals and minerals, is an opportunity for industrialization through high value exports and localization of manufacturing value chains for clean energy technologies. These opportunities can only be realized if we are intentional about the desired impact.

As the year comes to an end, we find ourselves reflecting. The key message for 2024 is that it is not all doom and gloom. Like the mythical phoenix bird, our industry will rise and shine again. As we take time off to break for a much deserved holiday, we need to remain hopeful and reflect on how we can continue to grow our industry.

I wish everyone happy and safe holidays.

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