

# Mining in Limpopo: Buried treasure for Everyman? TOWARDS THE STOPES: JUNIOR MINING IN ACTION

THE IRONY OF THE FREQUENTLY SEVERE POVERTY OF SEKHUKHUNELAND – LIMPOPO'S REMOTEST RURAL REGION – LYING AS AN INCONGRUOUS STRATUM ON TOP OF GREAT MINERAL WEALTH, WEIGHS HEAVILY ON VINCENT PHAAHLA. He refers frequently to it as he visits the communities living in the platinum rich hills that can be seen on the road from Polokwane down to Burgersfort.

But what makes Phaahla's comments different from most others' is that he's doing something about it. In short, he's Limpopo's junior miner *par excellence*.

Phaahla was born in Sekhukhuneland, so he knows the area well, but as a young man he spent many years in exile in the United States. His academic career began in America with a BA degree in political science. Post-graduate degrees took him into the realms of education and more particularly economics. He lectured in economics at a university in Philadelphia, and he was economic adviser to the late Michael Manley when he was prime minister of Jamaica. But his focus, he says, had always been on preparing himself for when South Africa was free and he could return. That time came in 1991.

'The question that hung over me was: what could I do economically to assist with the reconstruction of my country – and especially of my province?'

Phaahla looked at a number of different options – in particular agriculture and tourism – before finding a niche in the mining sector. He established his own company, Sebata Kgomo Mining, but the difficulty was the prevailing legislation that locked all mining potential into the hands of the big conglomerates. So Phaahla, with other black entrepreneurs, formed the South African Mineral Development Association (a kind of junior or emerging Chamber of Mines) and began a process of lobbying first the ANC and finally the post-1994 government.

The changes to the legislation, the emergence of the Mining Charter, and the return of large tracts of unused mining land to the state, all gave Phaahla the opportunity he desired.

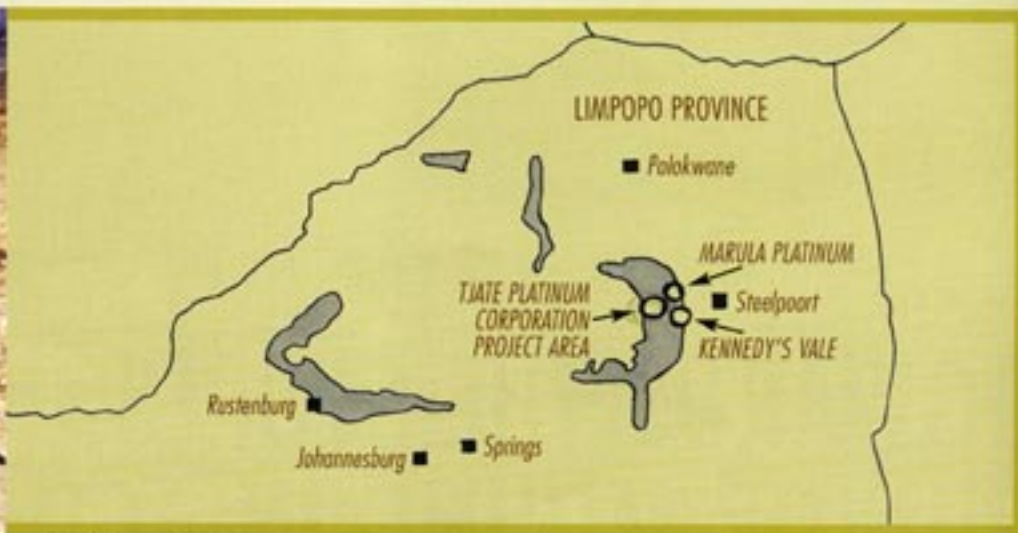
'We identified 24 farms in Limpopo that were not being exploited, all of them on the eastern limb of the Bushveld Complex, in other words in my home territory of Sekhukhuneland. After pressure was exerted on the government, who in turn put pressure on the mining companies which held the rights, 12 Sekhukhuneland farms went out on tender for emerging entrepreneurs in 2002.'

Sebata Kgomo Mining was first in the queue. Phaahla's company joined forces with Mabutho Mining, an outfit jointly owned by thousands of MK veterans. Later, the black-owned New Platinum Corporation joined the consortium which took on the name of Tjate Platinum Corporation (TPC). The name derives from one of the farms that were released to the consortium: Dsjate, Fernkloof and Quartzhill. TPC was given a licence to prospect in April 2004.

The three farms, measuring together some 5 000 hectares and straddling the Merensky and UG2 reefs, had been taken over from Anglo Platinum who had already done extensive prospecting, some of the results of which must still be purchased from the mining giant. Enough is known, however, to enable TPC to confidently forecast mining operations that will yield 175 000 ounces of platinum per annum for 30 years.

'We've already submitted our first prospecting report to government,' says Phaahla, 'and we're currently working on a full geological survey and analysis, including drilling and an environmental programme. When this is complete we'll submit our bankable feasibility study, and thereafter we'll establish exact extraction volumes and prepare our detailed business plan.'





Vincent Phaahla at the site of future operations of the Tjate Platinum Corporation

Just to take the project that far will cost around R40-million. Thereafter, the real spending will begin: an estimated R2,3-billion all told.

Phaahla, who since his return to South Africa has held the position of director of research and chief economist at NAFCOG, explains the three main ways that will be used to raise the required funding.

- Equity finance will be raised by selling shares in TPC which is structured as a public company. Phaahla, acting as the CEO of TPC, has already signed a memorandum of understanding with two Canadian companies specializing in mining capital. Witness to the required signatures was none other than President Thabo Mbeki.
- Debt financing will also be sought from finance houses willing to raise any balances required as straight loans.
- Soft loan agreements will also be entered into with government agencies committed to supporting black economic empowerment and junior mining.

Phaahla estimates that by mid 2006 work will have begun on the sinking of the main shaft for what will become known as the Tjate Platinum mine.

But how will this operation differ from any of the huge mining operations of Anglo Platinum or Impala? The question brings Phaahla back to his sense of irony at the juxtaposition of immense wealth beneath the impoverished surface of Sekhukhuneland.

'We are seriously engaging with the communities on the three farms. We are not saying we can eradicate the poverty, but we will certainly be able to alleviate it. We estimate the generation of 2 000 jobs in and around our planned mining operations. And we're taking the Mining Charter very seriously indeed.'

In practice, this means a set of commitments, the main components of which are:

- A not yet decided percentage of share equity will be placed in a community trust, the dividends to be used for community upliftment projects.
- Local employment preference, with emphasis on women.
- Tendering preference for local small businesses.
- Training, the foundation upon which most local opportunities will depend.

Phaahla chose South Africa's so-called Bantu education system as the subject for one of his Master's theses while still in America. He found that the worst effect of that system was the built-in sense of inferiority that it engendered in millions of black South Africans.

'I don't think the education authorities understand the enormity of the problem,' he says. 'We simply have not made sufficient effort to eradicate this belief in our own inferiority. Training is one of the keys, of course, as is work. That's what we'll be working for here on the three farms. But we all have to roll up our sleeves.'

And the people living on Dsjate, Fernkloof and Quartzhill seem to understand the implications. In exchange for the water and electricity and tarred road that the mine will bring, they will endure some pollution and a changing lifestyle. But they will also be given unprecedented opportunities.

'We understand,' a Dsjate man said, 'that the mine is not a gift. If it is not profitable, it will close, and we will be left worse off than before. So we will be trained and we will work hard, not only for ourselves but for our offspring.'

These are encouraging words for a man like Phaahla who knows that without genuine and sustained community buy-in the overall intentions of junior mining and broad-based economic empowerment will never get off the pages of the Mining Charter.