

Challenges facing young black mining entrepreneurs

By [Musawenkosi Buthelezi](#)

23 Oct 2020

The stringent legislation in the South African mining sector creates huge barriers for the new entrants, particularly young black mining entrepreneurs with the necessary technical skills.



Musawenkosi Buthelezi

Pre-1992, South Africa had progressive legislation for emerging miners, as exploration was regulated by a common law mineral rights system. This created an advantage to the prospecting right owner over the land owner because it allowed for a swift transition from prospecting rights to mining rights. This was largely due to the fact that only the mineral rights owner could apply for a mining right under the prevailing law.

Since introduction of the state licensing system, regulated by the Mineral and Petroleum Resources Development Act No. 28 of 2002 (MPRDA), it has become nearly impossible for young emerging mining entrepreneurs to find space in the market, because the statutory stipulations in the prospecting right holder has exclusivity to convert the permit to a mining right, whereas other countries use the tender system which affords everyone a fair chance.

It is well documented that exploration has become less attractive because of procedural incompetence, such as lost documents and delays in issuing water use licenses. Lack of transparency is the biggest challenge as there is no system in place that allows interested parties to access information about whether a piece of land has rights issued or rights lodged. This then hampers the chances of financing for mining entrepreneurs and the burden is too big for them to operate without the necessary financing.

To resolve this crisis the government would need to amend some legislation to accommodate emerging mining entrepreneurs to ensure the growth and sustainability of the mining industry. Furthermore, the South African government should offer some incentives to the financing institutions to help finance these guys by developing strong partnerships between juniors and cash generative mines and facilitate strategic partnerships with majors

.

ABOUT THE AUTHOR

Musaweknosi Buthelezi is a geologist working in the environmental consulting sphere. He graduated from the University of the Witwatersrand with a masters in geology and honours in geochemistry. He is a recipient of the IUGS Hutchison Travel Fund awarded to 15 promising young geoscientists globally.

For more, visit: <https://www.bizcommunity.com>