

Renewed vigour in mining sparks opportunities

By [Kim Cloete](#)

7 Mar 2017

The improved outlook towards commodity prices, particularly iron ore, coal and base metals, has been a boost for the mining industry and has opened up exciting opportunities for a wide range of companies active in the sector.

This positivity was reflected at the Investing in African Mining Indaba 2017. The recently released updated figures reveal a total attendance of 6,080 people, with 71% more investors attended the event this year than in 2016. There was also a 50% increase in the number of small cap and small private mining companies attending the week-long gathering in Cape Town.



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Gradual recovery

Michael Simms, Moore Stephens mining and energy leader, based in London, was upbeat about the prospects for mining projects which have survived the downturn cycle.

He said despite the more positive outlook, he expected the recovery in the sector to be gradual, with political risk in some African countries and compliance pressures still causing some uncertainty. He noted an increasing trend towards opportunities in renewable projects.

The China factor

"Improved commodity demand from China during 2016 has been a positive sign with the potential for increased spending on infrastructure in 2017 an important element driving this upturn in demand," said Olivier Barbeau, Moore Stephens South Africa mining leader based in Johannesburg.

Barbeau, who has recently advised several Chinese mining operations entering the South African marketplace, has experienced first-hand the increased interest in the Southern African mining sector.

Small projects easier to fund

David Tomasi, mining partner based at Moore Stephens Perth, said it was clear companies that had tightened up on their costs over the past few years were in a stronger position.

“Small to mid-cap projects are finding it easier to be funded, as investors start to look for value. This is a real sweet spot for us.”

Rush to renewables

“Since the beginning of 2016, we have seen increased interest in potential Africa opportunities as well as South African clients of Moore Stephens firm seeking to enter the Australian mining market with innovative mining technologies,” said Tomasi.

Copper, unconventional gas and renewables are starting to generate interest, particularly in Africa where reliable power supply is such an issue. “I expect nickel, platinum and lithium to have a bit of a run as the world craves better sustainable energy solutions, with power storage being a key component on this,” he added.

“We are currently working on a corporate finance transaction that will bring a world-class product manufactured in South Africa to the world market,” said Hans Hillermann, corporate finance Partner for Moore Stephens Durban.

“This innovation provides mining operations cost-effective products in the period when the pressure is to reduce cost reduction.”

Transparency and accountability

Besides its regular audit and advisory work with clients, Moore Stephens is also at the forefront of conducting country reconciliations for the Extractive Industries Transparency Initiative (EITI), having completed the process for countries ranging from Mali and Zambia to Burkina Faso, Ethiopia and Myanmar.

Fifty-one countries are either fully compliant or are going through the process to be part of the EITI, a global standard which promotes the open and accountable management of natural resources, mainly of oil, gas, metals and minerals.

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