

Coal miners need to be committed to investing sustainably

Juniors and majors need to work closely together in the interest of ensuring the future stability of the coal mining sector.



Mpumelelo Mkhabela

There were workable mechanisms in place that could ensure that “everyone gets a fair share”, says Mpumelelo Mkhabela, Menar chairperson.

For instance, improving access to Richards Bay Coal Terminal and export potential broadly was important for juniors. “Major players must make space for juniors. There is a quattro allocation, but majors who don’t make full use of their capacity should cede some to juniors on reasonable terms,”

He points out that if mines knew what the market required; they would be able to build mines that adjust their operations to meet the needs of the market.

“This why we are building comprehensive infrastructure at all our mines, such as a processing plant and sidings to match needs of the market,” he says, as an illustration of what adaptability meant for miners.

Additionally, on the issue of ongoing consolidation of the coal sector, Mkhabela says that this represented a good opportunity for juniors to grow. However, he cautioned that the divestment of majors from the sector should be done responsibly and not create monopolies. In addition, those who acquire operations should be able to run them sustainably. “We don’t want another Optimum Colliery situation.”

Building social capital

On the topic of community and environment, Mkhabela says that miners needed to build social capital – trust and good reputation – with regulators and communities. “You can’t buy this capital in the market and pay back with interest; it has to be built over time, and needs to be maintained every day.”

The governance weakness of some local municipal authorities has negatively affected the ability of the mining sector to coordinate social development initiatives. “There needs to be predictability and investors who operate in good faith will support long term community development projects, that is if they have certainty and if they have the correct environment to operate within,” he says. Mining investment company Menar has over the past 15 years developed from a single stand-alone 10 million tonne reserve mine to a mid-tier mining house that seeks to produce in excess of 20-million tonnes by 2020.

Menar chairperson Mpumelelo Mkhabela speaking during a panel on junior mining, in Sandton, said that: "...with hard work, dedication and great humility we are able to share our success story of evolving from a junior miner to a mid-tier producer that seeks to become a major player in the South African coal sector."

Mkhabela stresses that stagnation in the sector was not an option as "no growth, equals death." "Our philosophy as a mining investment company is to champion growth."

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