

## Small is the new black in the mining sector

The general sentiment is that a recovery is underway in the resources sector and for the mining sector to secure a sustainable future, smaller projects are the way forward.

“The bottom line is we are in a new ‘bull’ market that is just moving into the second innings and will this time likely be hot for the next eight to 10 years” says Alan Clegg, chairman, Shumba Energy.



Alan Clegg, chairman: Shumba Energy

Junior mining companies are well placed to take advantage of the better-performing commodities in 2016/17, among which are gold, copper silver, nickel, tin and zinc, as well as lithium and graphite. However, on a continent that is in desperate need of strong growth in its infrastructure, building materials are looking to be the shining gem in the commodity market.

### Tipping point

Whether junior miners in South Africa will benefit from this resurgence in the sector remains to be seen. The South African mining industry is at a tipping point, with ongoing political and regulatory uncertainty and recent ratings downgrades adding even more fuel to the fire. The country's junior miners are likely to feel the ramifications of recent events even more acutely than the majors.

“From a South African perspective the main obstacles remain resource nationalism encompassing unrealistic and

unsustainable political ideologies propagated by the ANC government and organised labour expectations, in other words, more for less.

“Hopefully, post-2019 we will see a reversal that will once again attract FDI into the sector. But until then forget South Africa and major capital investments that make a difference. Local majors will continue to either consolidate with mergers, shut down unprofitable operations or divest in favour of offshore assets in more supportive jurisdictions in Africa and globally,” adds Clegg.

## **So, what is next for the junior mining sector?**

What can junior mining companies do to take advantage of the increasing trend towards small to mid-tier mining operations? Government representatives, mining industry leaders, financiers and experts will gather at the 2017 [Junior Indaba](#) to interrogate these and other issues such as the current state of the exploration and junior mining sector, the development of a competitive regulatory regime, which commodities are hot and where funding is currently going.

In addition, several junior miners have lined up to provide insights into mining projects. Senior representatives taking to the stage include Kuyasa Mining, Pan African Resources, Botswana Diamonds, Shumba Energy, Kibo Mining, Kalagadi Resources, Tranter Resources, DRDGold, Petra Diamonds and Masimong Group.

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