

OLDMUTUAL

# INDUSTRY INTELLIGENCE THE MINING REPORT Q4 2021

PREPARED BY OLD MUTUAL CORPORATE  
FOR THE MINEWORKERS PROVIDENT FUND



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# ALL EYES ON THE FUTURE

**Change, disruption, transition and transformation are the key themes in the mining industry.**

There's a sense of nervous anticipation in South African mining; a feeling that this important sector is on the cusp of significant disruptive change. Whether you are talking about a just transition to renewables, or automation and mechanisation, or the impact of COVID-19 on insurance rates, this is an industry in flux.

It is with this in mind that we have prepared this Industry Intelligence report for the Mineworkers Provident Fund. From next year, we will publish these reports on a quarterly basis.

With regard to our transformation, we are delighted to provide the following commitments as requested at the annual due diligence meeting on 9 November 2021:

**1. We will continue to transform ourselves**

We will raise our Management Control score from a market-leading 14.19 to 16 in the next four years by ensuring that 80% of new hires and promotions are Black, women or Black women. By the end of 2022 we will have 40% female representation at management level.

We will also increase Black ownership in various parts of our business.

**2. We will grow by growing others**

The Absolute Growth Portfolio will be fully managed by Black asset managers who fit the industry definition of being 'more than 50% Black-owned and managed'.

We will increase the allocation to the Guided Growth Fund from the current R2.2 billion to at least R5 billion in the next three years.

**3. We will invest in a prosperous future**

We will continue to make incremental improvements when screening our investments in terms of their Environmental, Social and Governance (ESG) commitment and impact, and lead the building of infrastructure in Africa and South Africa.

We look forward to unpacking our commitments, targets and progress with you as we grow our relationship and work towards sustainability.

*Prabashini & Malusi*



**PRABASHINI MOODLEY**

Managing Director: Old Mutual Corporate



**MALUSI NDLOVU**

Director of Large Enterprises: Old Mutual Corporate



# INDUSTRY **OVERVIEW**



# INDUSTRY OVERVIEW

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## GLOBAL INDUSTRY NEWS

### **Diversified Miner Divestment from Coal Backfires**

Several large diversified global mining companies have been attempting to reduce their coal-mining operations, due to investor pressure. However, this has resulted in the unintended consequence of prolonging, and even increasing, the production of coal going forward. In particular, it was indicated that the COVID-19 pandemic had negatively impacted on mining production in South Africa.

### **Rising Resource Nationalism in Top Mining Countries**

Although previously geographically contained, resource nationalism, or the risk thereof, has been rising significantly across a growing number of countries worldwide, including top mining countries. This is likely to become more prominent over the coming years, making it a key factor affecting the global mining industry.

### **Growth in Global Mining Exploration Budget Set to Continue into 2022**

According to a new report by S&P Global Market Intelligence, the aggregate annual global exploration budget is predicted to increase by between 5% and 15%, year-on-year, in 2022. In particular, it is expected that gold and base metals will dominate exploration focus.





## SA INDUSTRY NEWS

### **SA Mining Production Decreases by 3.4% Year-On-Year in September 2021**

According to a report released by Stats SA, production in South Africa's mining sector declined by 3.4% year-on-year, in September 2021. The biggest negative contributors to production included coal, platinum group metals (PGMs), and gold.

### **Local Rail Network Constraints Result in Build-up of Coal and Iron at SA Mines**

South African mining companies have been experiencing significant challenges in terms of getting supplies to ports, due to problems with the country's railway network. This is resulting in a build-up of commodities, such as coal and iron, at local mines.

### **SA Mining Sector Records Exceptional Financial Performance Despite Industry Challenges**

According to a report published by PwC, the South African mining industry recorded exceptionally positive financial performance for the financial year (FY) 2021. This performance has been driven by record prices during the global economic recovery, with local mining companies being well-placed to take advantage of these trends.

## SA COMPANY NEWS

### **Impala Platinum Holdings' Deal with Royal Bafokeng Scuppered by Northam**

The takeover of Royal Bafokeng Platinum (RBPlat) by Impala Platinum Holdings (Implats) was thwarted when it was announced that Northam Platinum Holdings would be obtaining a 32.8% stake in RBPlat. This deal potentially blocks Implats' latest attempt to acquire RBPlat, after at least five previous attempts.

### **Eastern Platinum Successfully Commissions PGM Main Circuit B**

The JSE- and TSX-listed South African mining company, Eastern Platinum (Eastplats), has successfully commissioned its platinum group metal (PGM) Main Circuit B. This follows on from the completion of the refurbishment and upgrades that started in May 2021.

### **Sibanye-Stillwater Confirms US\$1 Billion Purchase of Brazilian Nickel, Copper Assets**

According to a report published by PwC, the South African JSE-listed, multinational mining company Sibanye-Stillwater, has confirmed that it would be paying R14.7 billion (US\$1 billion) for two Brazilian nickel and copper-producing assets. This purchase doubles its spending on the acquisition of battery metals production.

## SA COMPANY FINANCIAL RESULTS

### **Afrimat Limited**

According to the group's Unaudited Condensed Consolidated Interim Financial Results for the six months ended 31 August 2021, Afrimat Limited's revenue increased by 55.4%, from a total of approximately R1.6 billion in 2020 to R2.4 billion in 2021.

### **Bauba Resources Limited**

According to Bauba Resources Limited's Reviewed Provisional Condensed Consolidated Results for the year ended 30 June 2021, the company's total revenue increased by 6.4%, from a total of approximately R260.4 million in 2020, to reach a total of approximately R277.1 million in 2021. The company indicated that the growth in revenue was achieved primarily due to increases in the sales of chrome concentrate.

### **African Rainbow Minerals Limited**

According to African Rainbow Minerals Limited's Provisional Results for the year ended 30 June 2021, the company's revenue increased from approximately R12.4 billion in 2020 to approximately R21.5 billion in 2021. The company achieved record headline earnings of approximately R13.1 billion in 2021. The company indicated that its diversified portfolio of commodities benefitted its financial performance during the period.

## MERGERS, ACQUISITIONS & PARTNERSHIPS

### **Gxakra Investments Consortium Acquires DMSP South Africa**

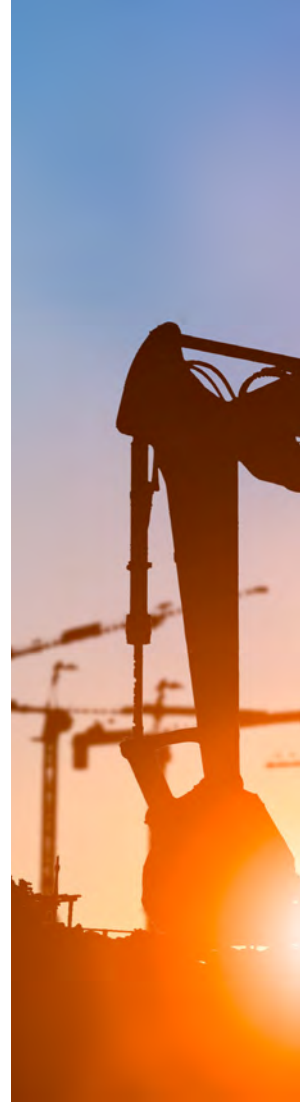
Dense Media Separation Powder (DMSP) South Africa, which is a producer and supplier of ferrosilicon 15% powders locally, has been acquired by the Gxakra Investment (GI) consortium from Siyanda Resources. The company will continue to produce and sell ferrosilicon to local and international clients.

### **Royal Bafokeng Holdings Accepts R17 Billion Northam Offer**

Royal Bafokeng Holdings has accepted an unsolicited offer from Northam Platinum for up to a third of Royal Bafokeng Platinum (RBPlat). This deal is worth R17 billion and is set to enable RBPlat to move faster into the green-energy economy, with assistance from Northam.

### **Exxaro Resources, Seriti Resources and Eskom Sign MOU for Carbon Reduction**

Exxaro Resources, Seriti Resources, and Eskom have signed a memorandum of understanding (MOU), signifying the pursuit of renewable-energy projects that are meant to reduce the carbon footprint at their operations. It will also contribute towards a transition away from coal towards decarbonisation.





## **INNOVATION & TECHNOLOGY TRENDS**

### **Mining Modernisation Set to Benefit Junior Miners and Exploration in SA**

The development and application of a wide variety of technologies and techniques is benefitting junior miners, as well as adding tools and capabilities, for the stimulation of mineral exploration in South Africa. These technologies are also enhancing safety, productivity and efficiency.

### **Anglo American Currently Piloting World's Largest Hydrogen-Powered Haulage Truck**

The diversified mining company Anglo American, is currently piloting the world's largest green, hydrogen-

powered haulage vehicle. The company has announced that it intends to replace its global truck fleet consisting of 400 diesel trucks with hydrogen trucks in ten years, starting from 2024.

### **Automation, AI, Augmented Reality and Robotics Set to Impact Mining**

It is predicted that new technological advancements, including automation, artificial intelligence (AI), augmented reality (AR), and robotics, are likely to have the largest impact on both mine workers and the mining industry in years to come.

## PGM TRENDS

### **Global Platinum Deficit Predicted for Several Years Ahead**

According to the Research Director of the World Platinum Investment Council (WPIC), Trevor Raymond, the market is recognising that there is a high likelihood of a platinum deficit, rather than a surplus, in the medium term.

### **Local PGM Producers Indicate PGM Landscape to be Changing**

In terms of the future of Platinum Group Metals (PGMs), local producers are diversifying and adapting to ensure the continued profitability and success of the industry. This includes diversification into battery metals, with other players seeking to benefit from the hydrogen economy.

### **PGMs Set to Play a Key Role in SA Economy**

PGMs currently make up a significant part of the South African economy, particularly in terms of exports, contributing positively to a strong exchange rate and a strong current account. PGMs are expected to continue to play a major role in the economy, despite potentially reduced PGM usage due to the switch to electric and hybrid vehicles.





## **SUSTAINABILITY TRENDS**

### **Implats Views Solar, Wind and Hydrogen Energy as Way Forward for Sustainable Energy**

According to Impala Platinum's (Implats) Sustainable Development Executive Tsakani Mthombeni, the company perceives ideal conditions for the application of renewable energy in the mining sector. This includes the large-scale rollout of renewable-energy sources.

### **SA Mining Sector Required to Decarbonise to Ensure Competitiveness**

According to the Chief Executive Officer of African Rainbow Minerals, Michael Schmidt, the South African mining sector can remain globally competitive by driving decarbonisation along the value chain and adapting to global shifts in mining commodity value pools.

### **Anglo American Set to Generate Electricity Using Underground Mine Water**

The diversified mining company Anglo American, has indicated that it intends to make use of underground mining water to generate electricity. This system will reduce storage capacity by 50%, when compared with lithium-ion or hydrogen storage.



## SOCIOPOLITICAL FACTORS

### **AMCU Concerned Regarding SA's Transition from Coal-Based Resources**

The Association of Mineworkers and Construction Union (AMCU) has indicated that it is concerned about the potential for unfairness in South Africa's proposed transition away from coal-based resources. This follows the announcement that South Africa would be moving away from coal-fired power generation.

### **Minerals Council Expresses Concern Regarding Increasing Mining Deaths**

The Minerals Council of South Africa has indicated that it is deeply concerned regarding the poor safety performance of the mining sector since 2020. This follows several years of significant safety improvements, with the COVID-19 pandemic being indicated as the main catalyst for recent poor safety performance.

### **Mining Industry Claimed to be Eroding the Rights of SA Women**

According to the Chair of the Mining and Environmental Justice Community Network of South Africa (MEJCON), Margaret Molomo, the mining industry is having an adverse effect on the rights of women. This includes the impact of mining on communities in which it is performed, as well as gender inequality in the mining sector itself.

## LEGISLATION


### **Magistrate Provides Details on Proceedings of Inquest into Lily Mine Tragedy**

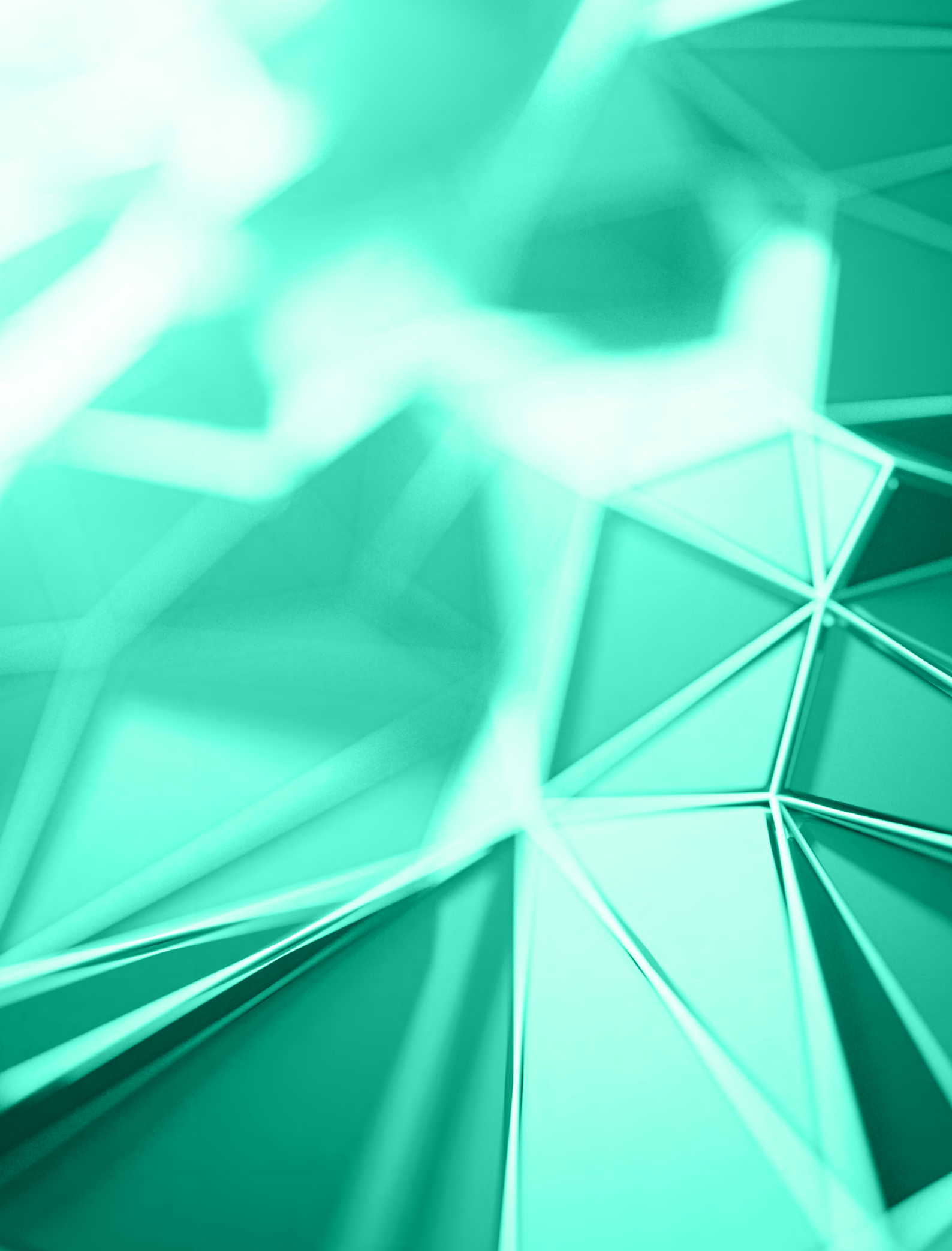
Magistrate at the Nelspruit Magistrate's Court Annemarie van der Merwe, has given details as to the inquest into the deaths of three mine employees at the Lily Mine. The inquest is set to determine what happened to the three mine employees, and whether anyone can be held responsible for their deaths.

### **SA Government Likely to Appeal High Court Mining Charter Ruling**

It has been indicated that the South African government is likely to appeal two High Court rulings striking down rule changes requiring mining firms to be 26% owned by black investors in perpetuity. Webber Wentzel, a local law firm, has suggested that this judgment is likely to be appealed by the government.

### **Draft Geoscience Act Poses Potential Threats to SA Exploration Companies**

The Mineral Resources and Energy Minister, Gwede Mantashe, has published draft regulations that will require extensive disclosure of both prospecting and mining information by rights and non-rights holders. However, these regulations contain no provisions for secrecy or confidentiality. 



# GLOBAL INDUSTRY **NEWS**





# GLOBAL INDUSTRY NEWS

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## 9 November 2021

### Diversified Miner Divestment from Coal Backfires

Several large diversified global mining companies have been attempting to reduce their coal-mining operations, due to investor pressure. However, this has resulted in the unintended consequence of prolonging, and even increasing, the production of coal going forward.

In particular, steps taken by miners to exit and reduce coal-mining operations have resulted in an unintended intensification of coal mining operations. This has been propelled by the significantly higher demand for coal, following the COVID-19 pandemic.

More specifically, steps have included the attempted sale of coal mines to third parties, or the creation of spin-off companies that would allow the original company to exit coal, while avoiding job cuts.

However, some mining companies have struggled to sell these mines and have reinvested or extended operations, to enhance sales appeal. This occurred at an Australian colliery owned by BHP Group, with mining extended by two decades.

Additionally, Anglo American created a spin-off company, Thungela Resources, as part of its efforts to exit

coal. However, this new company intensified its coal-mining operations, with suggestions of extending operations by at least another decade, due to enhanced demand for coal.

Therefore, instead, it is now being suggested that diversified miners should maintain control of their existing coal mines to responsibly manage the move away from coal. Alternatively, it has been indicated that divestment should be made only to responsible parties.

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## 25 October 2021

### Rising Resource Nationalism in Top Mining Countries

Although previously geographically contained, resource nationalism, or the risk thereof, has been rising significantly across a growing number of countries worldwide, including top mining countries. This is likely to become more prominent over the coming years, making it a key factor affecting the global mining industry.

More specifically, resource nationalism can take many forms, including the renegotiation of existing mining contracts for better terms; increases in taxes or royalties on the mining sector; asset nationalisation; in-country beneficiation; or export restrictions.

Furthermore, resource nationalism is spreading worldwide, and has become prominent in sub-Saharan Africa (Democratic Republic of Congo, Mali, Zimbabwe, South Africa and Guinea), Latin America (Mexico, Peru and Chile), North America (the United States), Europe (Russia) and Asia (Indonesia, Mongolia).

This trend of resource nationalism is being driven by increasing mineral and metal prices in 2020 and 2021, which are increasing government interest in elevated taxes and royalty revenue. Additionally, increased interest in Green Energy Transition minerals, such as copper and nickel, amongst others, is driving nationalism as governments attempt to take advantage of this boom.

Moreover, the recent election of left-leaning governments in many nations are resulting in regulatory changes in these countries, geared towards greater government intervention. Additionally, nationalistic rhetoric is being used as part of election campaigns to gain support.

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## 19 October 2021

### Growth in Global Mining Exploration Budget Set to Continue into 2022

According to a new report by S&P Global Market Intelligence, the aggregate annual global exploration budget is predicted to increase by between 5% and 15%, year-on-year, in 2022. In particular, it is expected that gold and base metals will dominate exploration focus.

More specifically, this prediction is based on S&P's data, which indicates that, in 2021, the aggregate annual global nonferrous exploration budget had increased by 35%, year-on-year, to reach a total of US\$11.2 billion, up



from US\$8.3 billion in 2020. This strong growth has highlighted that the sector is recovering from the downturn resulting from the COVID-19 pandemic.

In particular, faster than expected market condition recovery, as well as the easing of lockdown restrictions, allowed for the reactivation of programmes by the middle of 2020. This enabled some campaigns to run into 2021.

Additionally, gold and base metals are expected to dominate exploration focus, due to the significant increases in gold and base metal prices in 2021. More specifically, the average gold price in August 2021 of US\$1,784

per ounce was 14% higher than in January 2020. Furthermore, the average price of copper was 55% higher in August 2021, reaching an average of US\$4.25 per pound, compared to January 2020.

Regarding location, Canada makes up a significant share of the global exploration budget, increasing by US\$800.5 million year-on-year to reach US\$2.1 billion. However, African exploration allocations grew by just 12% to reach US\$1.1 billion, regressing to 2019 levels. 

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SA  
INDUSTRY  
**NEWS**



# SA INDUSTRY NEWS

## 11 November 2021 SA Mining Production Decreases by 3.4% Year-on-Year in September 2021

According to a report released by Stats SA, production in South Africa's mining sector declined by 3.4% year-on-year in September 2021. The biggest negative contributors to production included coal, platinum group metals (PGMs), and gold.

In particular, it was indicated that the COVID-19 pandemic had negatively impacted on mining production in South Africa.

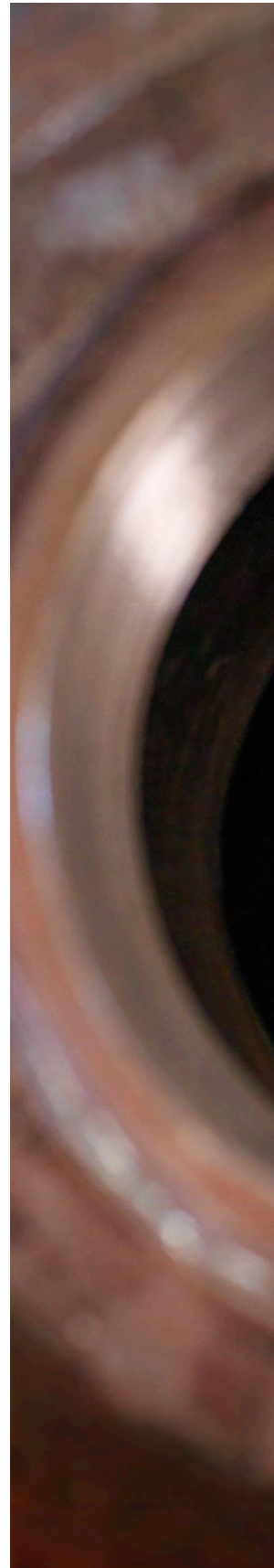
However, according to Nedbank Economic Insights, the sector still performed relatively better when compared to the average growth levels achieved in the same period of 2017 to 2019, with this being partly due to relatively higher commodity prices and global demand.

Moreover, it has been suggested that general mining production is moderating from the high levels experienced since March 2021. However, at the same time, the relaxation of COVID-19 restrictions is expected to support sector activity.

Despite this, Nedbank has cautioned that the ongoing uncertainty regarding the pandemic, together with increased constraints in terms of electricity, will negatively impact on sector performance.

However, it is expected that mining sales are set to continue to be supported by elevated commodity prices, as well as increased global demand. At the same time, these prices and demand are anticipated to level off in 2022, as demand declines and supply grows.

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## 21 October 2021

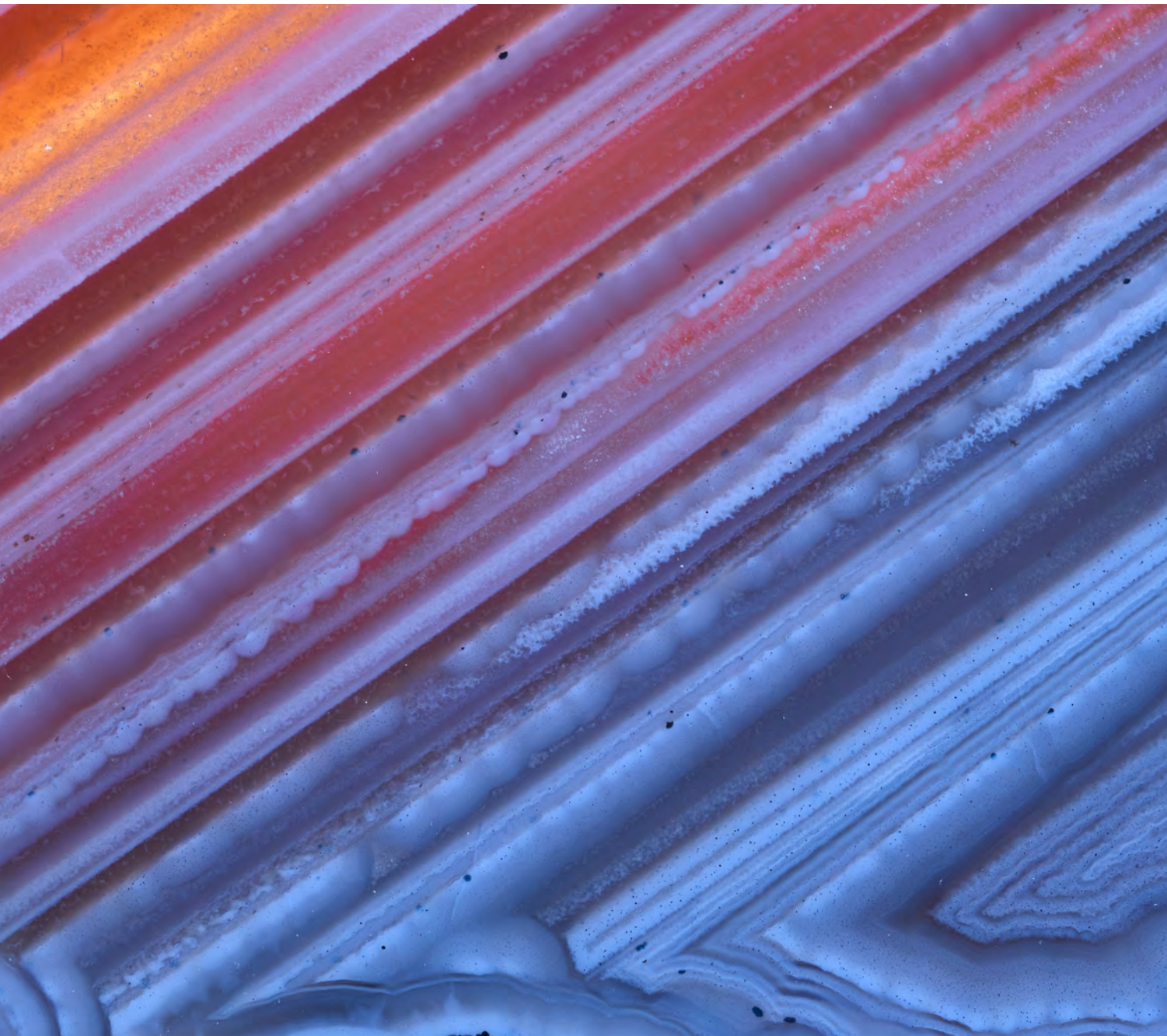
### **Local Rail Network Constraints Result in Build-up of Coal and Iron at SA Mines**

South African mining companies have been experiencing significant challenges in terms of getting supplies to ports, due to problems with the country's railway network. This is resulting in a build-up of commodities, such as coal and iron, at local mines.

More specifically, South Africa's railways have been negatively impacted by a lack of capacity at state-owned Transnet SOC Ltd, as well as maintenance work. In addition, other challenges include equipment breakdowns, cancelled trains, and shipping delays.

Moreover, lines affected include the main route for coal, which runs from mines to the Richards Bay terminal, making it crucial for South Africa's industrial supply chain. The iron-ore line, which runs to the West Coast port of Saldanha Bay, has also been negatively affected.

Kumba Iron Ore indicated that its premium steelmaking material is being held up at its mines in the Northern Cape province, as a result of railway network bottlenecks.



Consequently, this may force Kumba to lower output as its stockpiles grow.

Although demand for high-grade iron ore has resulted in Kumba being one of Anglo-American Plc's most profitable units, its operations are being threatened by these train cancellations and delayed shipments. This is forcing it to forecast output and sales at the lower end of guidance.

Furthermore, rail network problems are affecting the movement of coal, with Thungela Resources indicating that it had lowered its coal export outlook, due to these rail constraints.

**READ MORE** 



**5 October 2021**

### **SA Mining Sector Records Exceptional Financial Performance Despite Industry Challenges**


According to a report published by PwC, the South African mining industry recorded exceptionally positive financial performance for the financial year (FY) 2021. This performance has been driven by record prices during the global economic recovery, with local mining companies being well-placed to take advantage of these trends.

Total mining sales rose significantly in FY 2021, from a total of approximately R558 billion in 2020 to almost R793 billion in 2021. Additionally, the local mining sector's impact on gross domestic product increased from R803.3 billion in 2020 to R921.2 billion in 2021.

Significantly, the sector's net profit rose exponentially from R71 billion

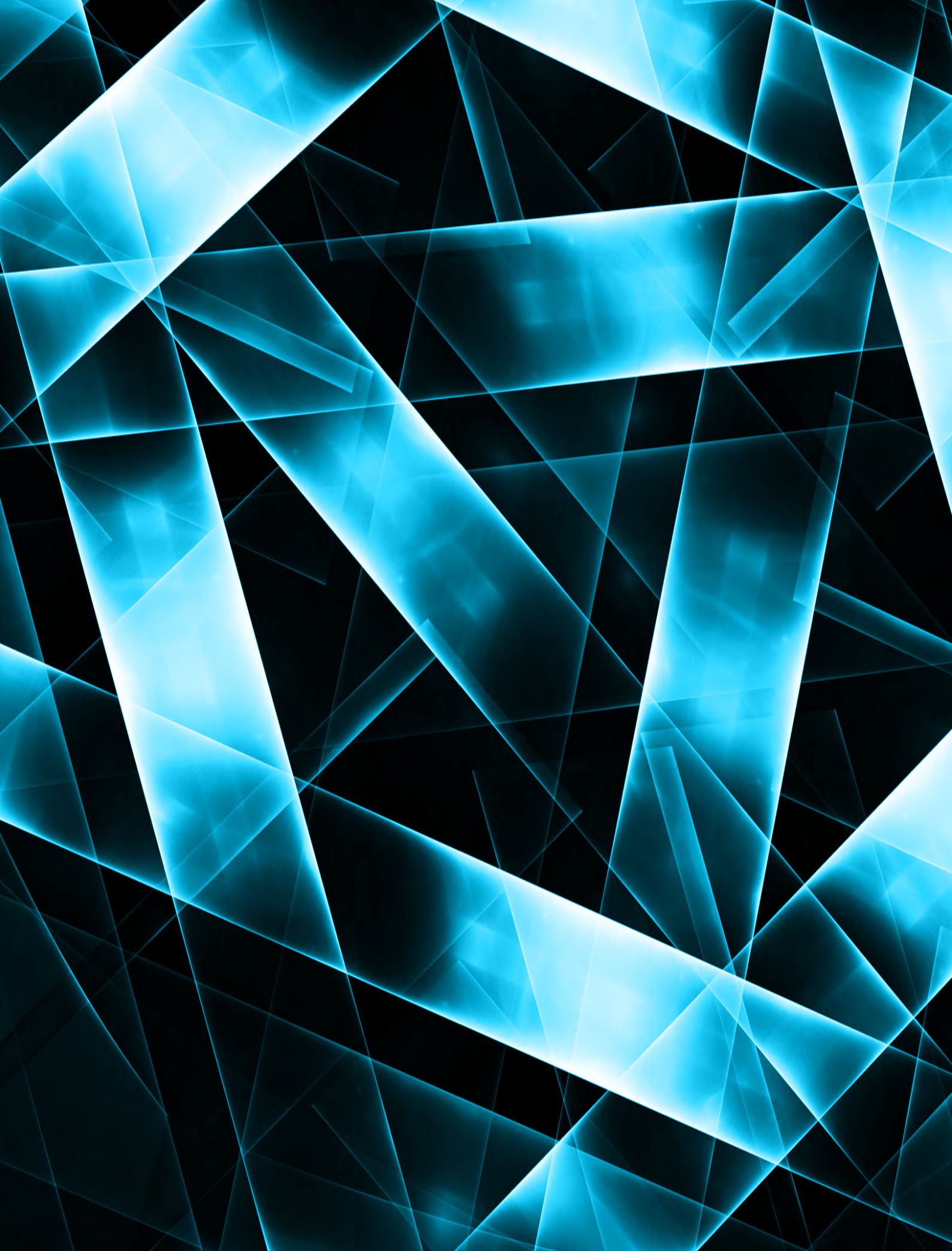
in 2020 to R274 billion in 2021. This represents an increase of 285%. More specifically, revenue from mining sales for the platinum group metals (PGMs) sector reached a total of R300.7 billion, which is double the R150.9 billion recorded for FY 2020.

According to Andries Rossouw, PwC Africa Energy Utilities and Resources Leader, this growth reflects the resilient nature of the local mining industry. Rossouw further indicated that this performance was largely due to record rand prices for gold, the PGMs basket, as well as iron ore and coal.

Moreover, this performance was achieved despite several challenges, including those presented by the Department of Minerals Resources and Energy. This includes a backlog of 5 000 applications for mining and related rights, delayed exploration strategies, and delayed routine production statistics, amongst other challenges. 

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SA  
COMPANY  
**NEWS**



# SA COMPANY NEWS

10 November 2021

## **Impala Platinum Holdings' Deal with Royal Bafokeng Scuppered by Northam**

The takeover of Royal Bafokeng Platinum (RBPlat) by Impala Platinum Holdings (Implats), was thwarted when it was announced that Northam Platinum Holdings would be obtaining a 32.8% stake in RBPlat. This deal potentially blocks Implats' latest attempt to acquire RBPlat, after five previous attempts.

Chief Executive Officer of Implats Nico Muller, believed that a deal had been finalised for the 100% takeover of RBPlat, having gained the backing of the company's board and management.

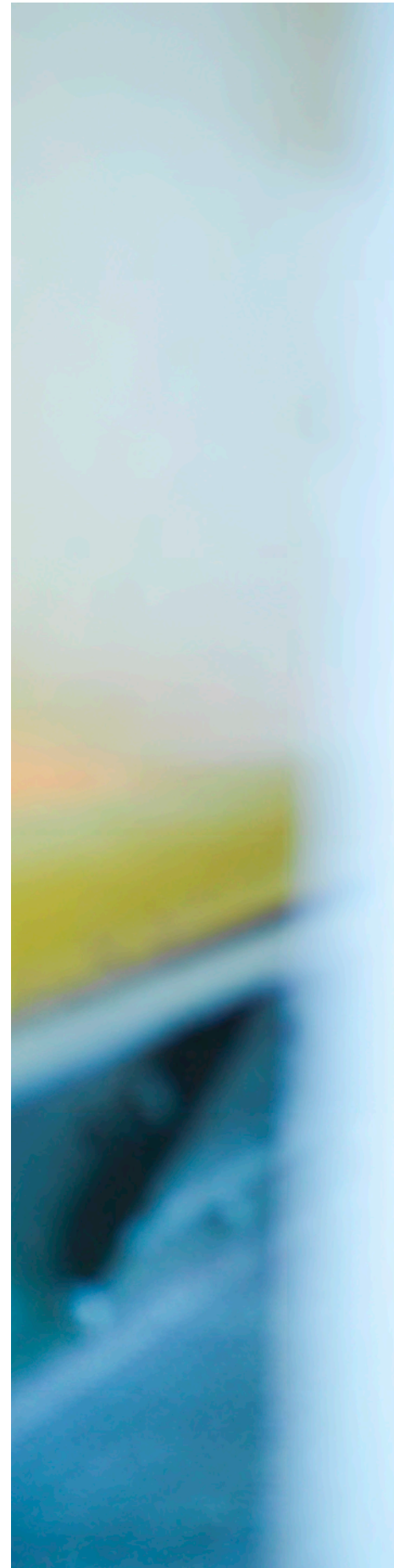
Additionally, Implats had been preparing to make an offer for RBPlat following the announcement of talks between the two companies. This deal was crucial, as RBPlat owns assets key to prolonging the life of Implats' mines in South Africa.

However, the largest shareholder of RBPlat, Royal Bafokeng Holdings, changed sides at the last minute to support a bid for its stake from Northam Platinum Holdings. Royal Bafokeng Holdings is the investment arm of the Bafokeng nation, led by King Kgosi Leruo Molotlegi and his advisers.

The deal would have resulted in Implats becoming the largest platinum miner globally, overtaking both Anglo Platinum and Sibanye-Stillwater.

Spokeswoman for Implats Lindiwe Montshiwagae, indicated that this particular turn of events had been unexpected and that the reasons for the change in direction were best known to Royal Bafokeng Holdings.

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## 29 October 2021

### Eastern Platinum Successfully Commissions PGM Main Circuit B

The JSE- and TSX-listed South African mining company Eastern Platinum (Eastplats) has successfully commissioned its platinum group metal (PGM) Main Circuit B. This follows on from the completion of the refurbishment and upgrades that started in May 2021.

In particular, the completion of the commissioning enables the processing of the full feed from chrome tails for the consistent production of PGM concentrates.

Additionally, this refurbishment and upgrade enabled the commercial production of PGM concentrates to begin on 18 October 2021, while dispatches to the company's offtake partner were scheduled to begin from 26 October 2021.

Following the completion of the commissioning, Eastplats estimates that it will be able to produce an additional 600 tons per month of PGM concentrates. This is over and above the current production of 200 tons a month, which will be possible once build-ups are achieved.



Commenting on the commissioning, Eastplats' Chief Executive Officer and Director Diana Hu indicated that it forms part of its revenue growth plans. In particular, Hu indicated that the circuit will drive future development potential, including restarting underground operations at its Crocodile River Mine.

The company also expects the PGMs market to remain robust for the remainder of 2021, and the foreseeable future.

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## 26 October 2021

### **Sibanye-Stillwater Confirms US\$1 Billion Purchase of Brazilian Nickel, Copper Assets**


According to a report published by PwC, the South African JSE-listed, multinational mining company Sibanye-Stillwater has confirmed that it would be paying R14.7 billion (US\$1 billion) for two Brazilian nickel and copper-producing assets. This purchase doubles its spending on the acquisition of battery metals production.

More specifically, the purchased assets include the Santa Rita nickel mine, and the Serrote copper mine. Both these assets have already been developed, therefore offering reduced risk in terms of technical and capital overrun.

Currently, the Serrote mine is in ramp-up mode, and will be able to produce 20 000 tons of copper annually. Additionally, the Santa Rita mine, which is the largest nickel-cobalt sulphide open-mine pit in the world, is already generating cash and can produce 16 000 tonnes of nickel per year.

The Chief Executive Officer of Sibanye-Stillwater, Neal Froneman, indicated this transaction is a unique opportunity to acquire pre-developed, pre-capitalised and low-cost assets, that also have robust environmental, social and corporate governance credentials.

The management teams for the two mines are set to be led by Paulo Castellari, the previous CEO of the Brazilian phosphates and niobium business of Anglo American. It is expected that these teams will provide a platform for expansion and growth in Brazil and Latin America.

This transaction also follows the spending of R10 billion, in the purchase of stakes or options in battery metals by Sibanye-Stillwater. 

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SA COMPANY  
**FINANCIAL  
RESULTS**





# SA COMPANY FINANCIAL RESULTS

## 4 November 2021

### **Afrimat Limited**

According to the group's Unaudited Condensed Consolidated Interim Financial Results for the six months ended 31 August 2021, Afrimat Limited's revenue increased by 55.4%, from a total of approximately R1.6 billion in 2020 to R2.4 billion in 2021.

Additionally, Afrimat Limited recorded an increase in operating profits of 65.0%, up from approximately R353.1 million in 2020 to R582.8 million in 2021.

This included an improvement in the company's operating profit margin from 22.7% in 2020 to 24.1% in 2021. At the same time, headline earnings per share increased by 60.5% from 183.9 cents in 2020 to 295.1 cents in 2021.

In particular, the company's bulk commodities segment which consists of the Demaneng and Jenkins iron-ore mines, as well as Nkomati anthracite mine, contributed positively to group results.

This segment achieved the group's highest operating profit, which also grew by 39.3%, from an operating profit of R325.8 million in 2020 to R453.7 million in 2021.

Furthermore, it was indicated that the strong growth recorded by the group was enabled by its diversification strategy, as well as cost reductions and efficiency improvement initiatives during the period.

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## 29 September 2021

### Bauba Resources Limited

According to Bauba Resources Limited's Reviewed Provisional Condensed Consolidated Results for the year ended 30 June 2021, the company's total revenue increased by 6.4% from a total of approximately R260.4 million in 2020 to a total of approximately R277.1 million in 2021.

The company indicated that the revenue growth was achieved primarily due to increases in sales of chrome concentrate. However, at the same time, the company did not sell any opencast run-of-mine (RoM)

during the reported financial year, which negatively impacted the revenue achieved during the year.

Additionally, the company reported a headline loss per share decrease, from a loss of 8.07 cents in 2020 to a loss of 4.73 cents in 2021. At the same time, losses before tax decreased, from approximately R59.5 million in 2020 to approximately R31.1 million in 2021.

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## 6 September 2021

### African Rainbow Minerals Limited

According to African Rainbow Minerals Limited's Provisional Results for the year ended 30 June 2021, the company's revenue increased from approximately R12.4 billion in 2020 to approximately R21.5 billion in 2021.

Additionally, the company achieved record headline earnings of approximately R13.1 billion in 2021. This represents a 136% increase from 2020, when headline earnings of approximately R5.5 billion were recorded.

#### READ MORE

The company indicated that its diversified portfolio of commodities benefitted its financial performance during the period. This was particularly the case, as higher US dollar prices for platinum group metals (PGMs) and iron ore more than offset the negative impact of a stronger rand against the US dollar.

More specifically, the company's ARM ferrous operation achieved the highest headline earnings during the reported period, reaching a total of approximately R7.9 billion in 2021. This represents a 77% increase on 2020, when the operation recorded headline earnings of approximately R4.5 billion. This was driven by higher US dollar iron-ore prices, as well as increased iron-ore and manganese-ore sales volumes.

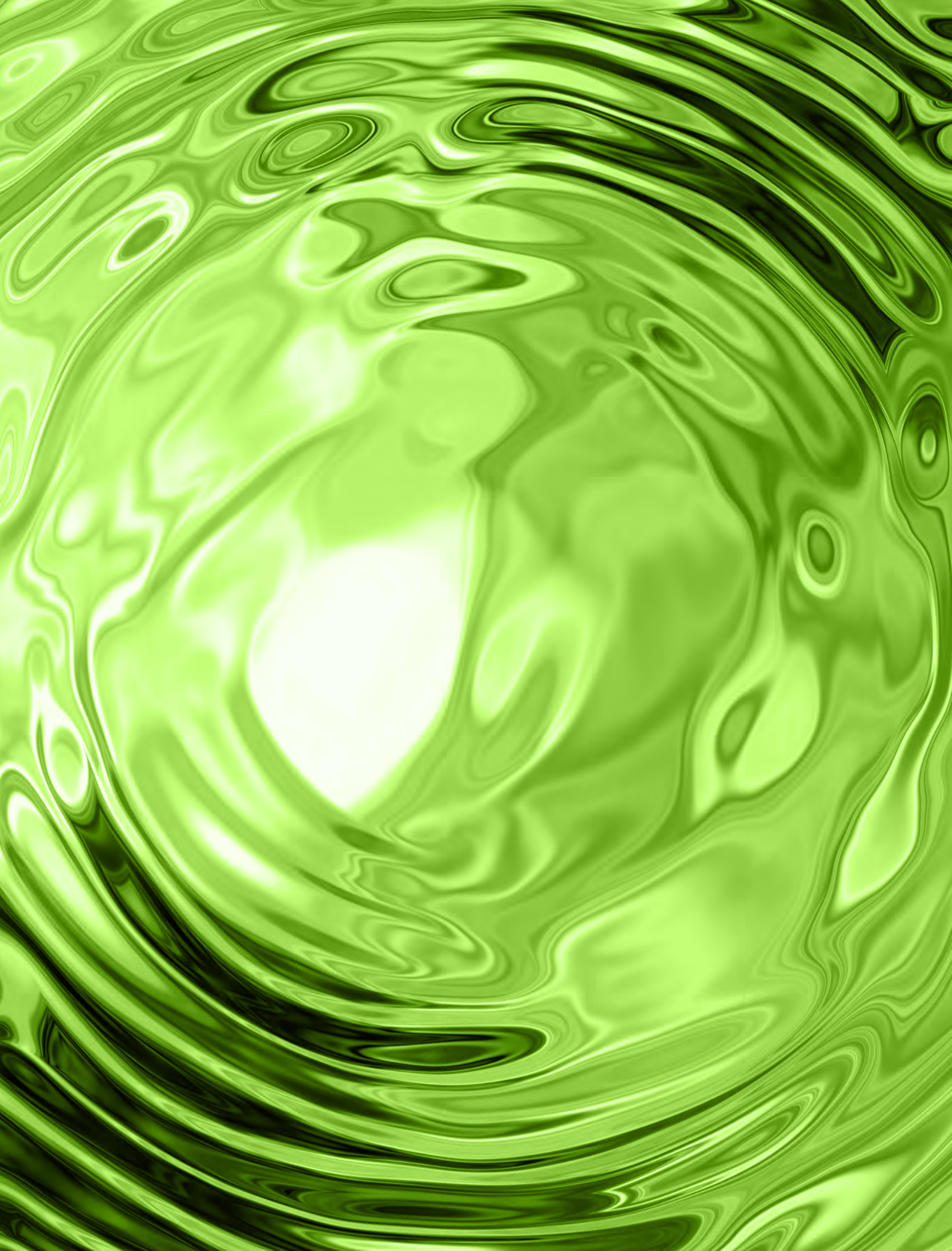
Furthermore, segmental earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 121% from approximately R11.0 billion in 2020 to approximately R24.3 billion in 2021. <sup>MR</sup>

In terms of production, the average tonnes produced for the first six months of the financial year reached 21 260 tonnes, followed by an improved average production of 27 820 tonnes in the second half of the financial year.

The company indicated that production was negatively affected by geological challenges that resulted in the loss of face length, and therefore required additional development expenditure.

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# MERGERS, ACQUISITIONS & **PARTNERSHIPS**



# MERGERS, ACQUISITIONS & PARTNERSHIPS

## 10 November 2020

### **Gxakra Investments Consortium Acquires DMSP South Africa**

Dense Media Separation Powder (DMSP) South Africa, which is a producer and supplier of ferrosilicon 15% powders locally, has been acquired by the Gxakra Investment (GI) consortium from Siyanda Resources. The takeover became official on 1 October 2021.

The Chairperson and Main Shareholder of GI consortium, Mzwandile Nombewu, indicated that the acquisition was accompanied by an agreement from the new owners to continue employing DMSP's staff members. Although some structural management changes could occur, no retrenchments are planned as part of the takeover.

In terms of DMSP's operations, Nombewu indicated that the company will continue to produce and sell ferrosilicon to local and international clients, as this deal constitutes a going-concern transaction.

Moreover, following the takeover, the company will be investigating ways in which its product offering can be improved. Therefore, current production will continue for the remainder of 2021, after which the company's research and development efforts will determine which new products could be introduced into the market.

Furthermore, it was indicated that given the recent nature of the takeover, the initial priority will be to ensure the stability of the company. After this, longer-term growth plans will be developed, which may include an expansion into metallurgical powders.

**READ MORE**



## 9 November 2021

### **Royal Bafokeng Holdings Accepts R17 Billion Northam Offer for Up to a Third of RBPlat**

Royal Bafokeng Holdings has accepted an unsolicited offer from Northam Platinum for up to a third of Royal Bafokeng Platinum (RBPlat). This deal is worth R17 billion and is set to enable RBPlat to move faster into the green-energy economy, with assistance from Northam.

The deal will allow RBPlat to continue investing in platinum group metals (PGMs), as well as benefit from linked decarbonisation and green business developments that accompany renewable-energy generation, and the potential for conversion of carbon-free industrial activity and green hydrogen mobility.

According to the Chief Executive Officer of Royal Bafokeng Holdings, Albertinah Kekana, the deal also prioritises the socio-economic needs of the community. Kekana further indicated that the deal is aligned with the community's strategic plan '35, which ensures the diversity and liquidity of the holding company's portfolio, while still supporting direct community interventions.

Additionally, according to the Chief Executive Officer of Northam, Paul Dunne, RBPlat fits well in terms of the larger Northam metals basket, due to the complementary metals mix of RBPlat, which includes a higher relative platinum contribution. Dunne added that RBPlat assets are also shallow, young and well-capitalised.

Northam has emphasised its commitment to the Bafokeng community, as well as its support of renewable energy and battery storage projects. This will increase regional decarbonisation and energy security, as well as provide the prospect of lower electricity prices.

**READ MORE**



## 25 October 2021

### Exxaro Resources, Seriti Resources and Eskom Sign MOU for Carbon Reduction

Exxaro Resources, Seriti Resources and Eskom have signed a memorandum of understanding (MOU), signifying the pursuit of renewable-energy projects that are meant to reduce the carbon footprint at each of their operations. This is also aimed at contributing towards a transition away from coal towards decarbonisation.


According to the signed MOU, Seriti is aiming to reduce its carbon dioxide (CO<sup>2</sup>) emissions by up to 350 000 tonnes annually, which is approximately half of its current emissions of 700 000 tonnes annually.

Additionally, Exxaro has indicated it will reduce its emissions by up to 130 000 tonnes annually at the Matla coal mine. This represents a 70% reduction in greenhouse

gas emissions when the mine is at full production.

In particular, the first phase of the project pipeline indicated in the MOU involves the construction of multiple solar photovoltaic facilities on mining sites, as well as at Eskom sites.

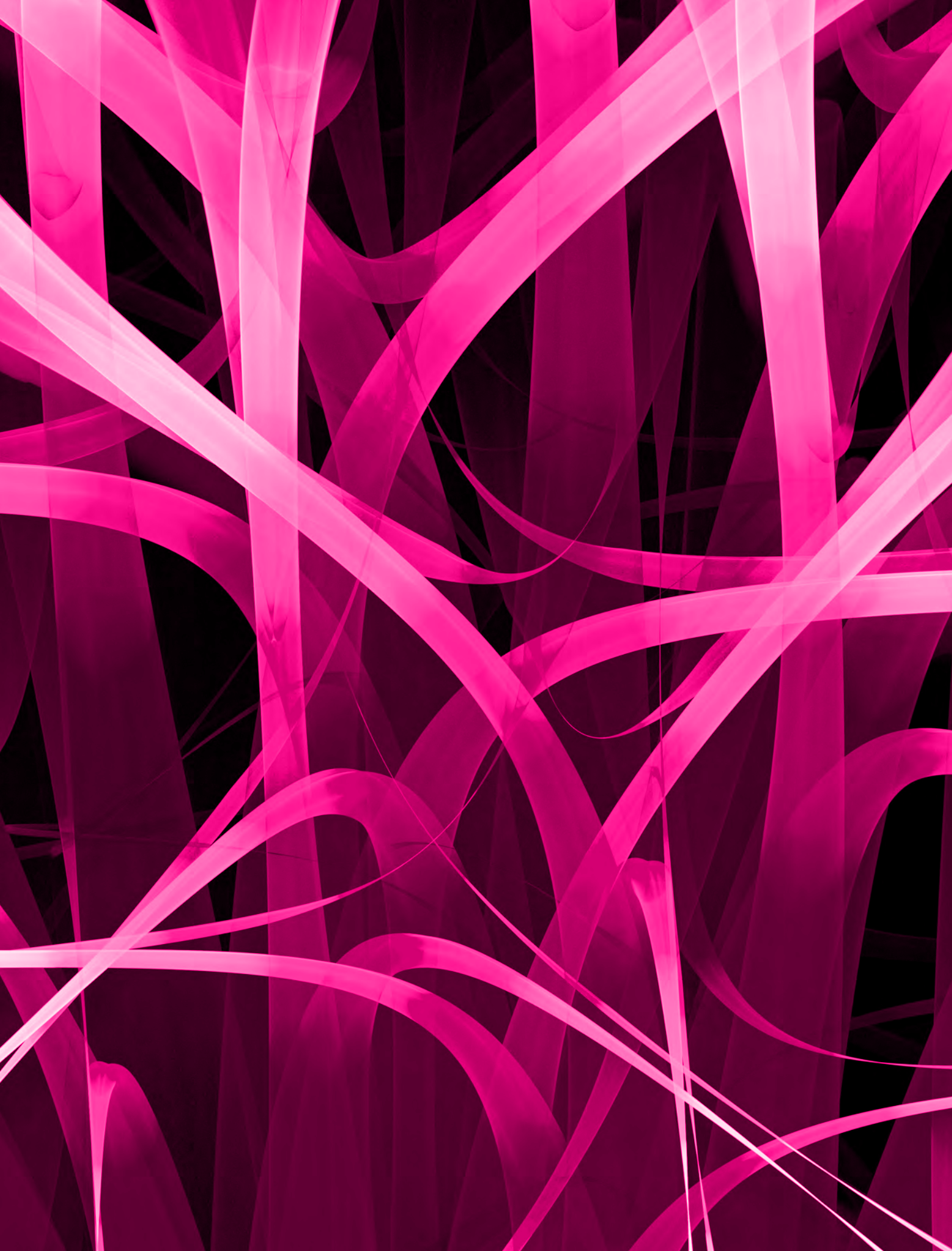
These facilities could include behind-the-meter solutions (off-grid), wheeled solutions, or a combination of the two. Additional projects planned, as part of the collaboration, could also include energy storage, as well as wind-energy facilities.

Furthermore, both Seriti and Exxaro have indicated that through the implementation of renewable energy at their Eskom-tied mines, there will be a reduction in carbon emissions, as well as cost savings, specifically in terms of the generation and use of electricity at these mines. 

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# INNOVATION & TECHNOLOGY **TRENDS**





# INNOVATION & TECHNOLOGY **TRENDS**

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**4 November 2021**

### **Mining Modernisation Set to Benefit Junior Miners and Exploration in South Africa**

The development and application of a wide variety of technologies and techniques are benefitting junior miners, as well as adding tools and capabilities for the stimulation of mineral exploration in South Africa. These technologies are also enhancing safety, productivity and efficiency.

In particular, several technologies are under development, currently being trialed, or are entering the market. These technologies are helping to overcome various challenges in the industry.

In terms of mining technologies, this includes two new hydropowered rock drills, lightweight synthetic support elongates, advanced orebody mapping, real-time information management systems, as well as artificial intelligence (AI) and machine learning systems. According to Technical Adviser for the Mandela Mining Precinct Dick Kruger, these technologies are equally applicable to junior miners.

As an example of these technologies, ground-penetrating radar (GPR), electric resistance tomography (TPR) and tunnel seismic tomography (TST) could be used by miners in several different areas. This includes determining what lies beyond the rockface, inspection of hanging walls, detection of cavities and faults, and the mapping of orebodies to improve mine planning.

Kruger added that junior miners are capable of being as modern and mechanised as larger, modern mines, with the main difference being that they tackle orebodies not of interest to larger miners. This makes technology development critical for them.

**READ MORE**



## 2 November 2020

### **Anglo American Currently Piloting World's Largest Hydrogen-Powered Haulage Truck**

The diversified mining company, Anglo American, is currently piloting the world's largest green, hydrogen-powered haulage vehicle. The company has announced that it intends to replace its global truck fleet consisting of 400 diesel trucks with hydrogen trucks over ten years starting from 2024.

Currently, the pilot project involves the trialing of a hydrogen haul truck at Anglo American Platinum's Mogalakwena platinum mine, located in Limpopo.

According to the Chief Executive of Anglo American, Mark Cutifani, the truck is expected to be fully functional by early 2022, and will be used to load, haul, and then dump material at the crusher. The unit will reportedly also enable stripping to be done more effectively.

Additionally, Cutifani indicated that the truck is powered by a 2 MW hybrid fuel cell and battery, and that it is headed for full in-mine functionality. Based on the success and learnings of the current pilot, a second hydrogen haul truck pilot is already being considered by the company. Cutifani has also indicated that the new hydrogen-powered truck is at least two years ahead of competitors.

In terms of the rollout, fleet trucks will start being changed from approximately 2024, after which trucks in the global fleet will be replaced as they near lifecycle change. This will be done at a pace of ten trucks at a time, making use of a hydrogen electrolyser for the generation of hydrogen to move the trucks in a zero-carbon manner.

**READ MORE** 




**24 October 2021****Automation, Artificial Intelligence, Augmented Reality and Robotics Set to Impact Mining**

It is predicted that new technological advancements including automation, artificial intelligence (AI), augmented reality (AR), and robotics, are likely to have the largest impact on both mine workers and the mining industry in years to come. These advancements are also contributing to, and occurring alongside, the growing attention being given to environmental, social, and governance (ESG) issues.

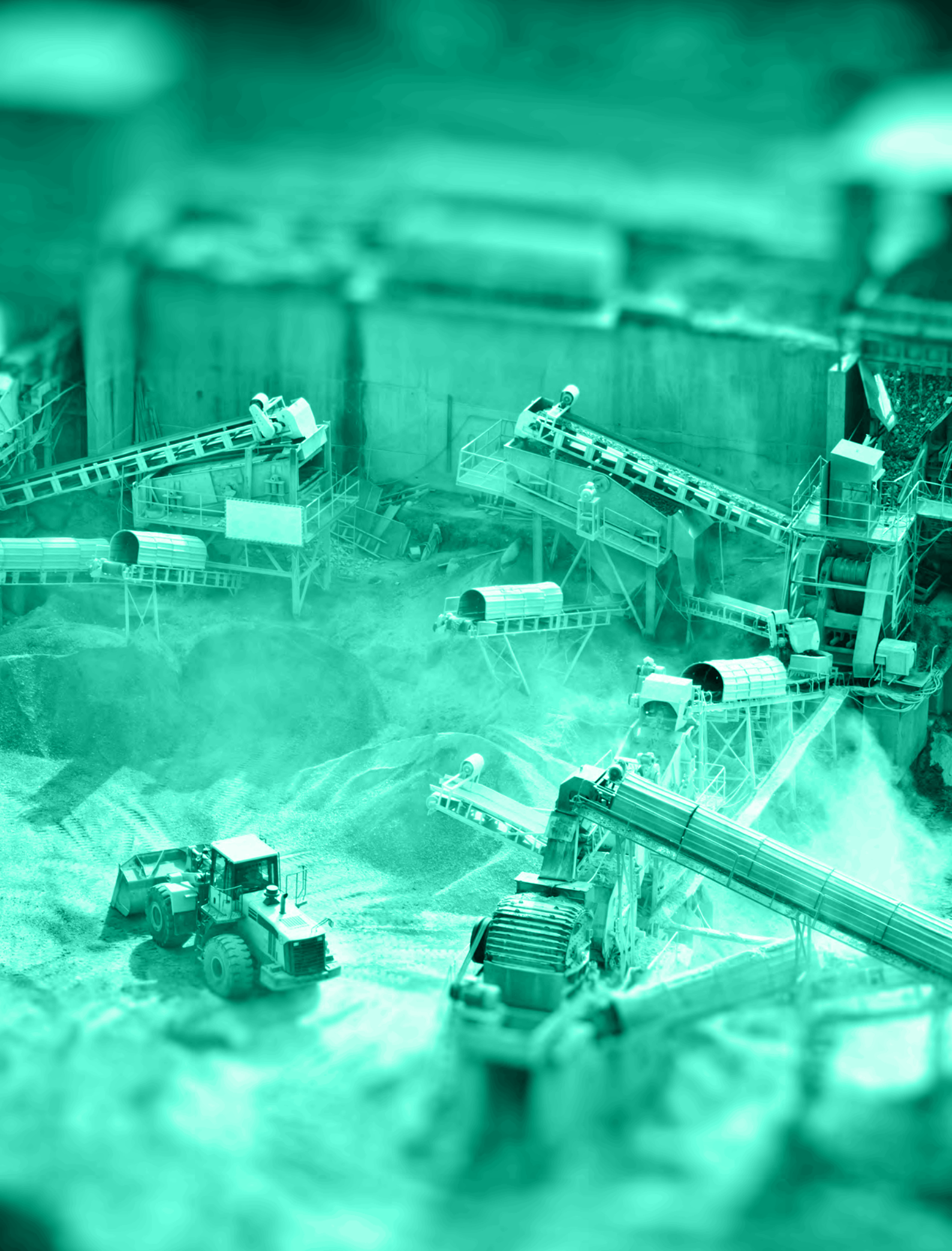
In particular, the use of AI is at the centre of workplace safety, particularly in terms of the use of robotics. As an example, through the use of sensors, real-time data and analytics, potential danger due to changes in temperature or vibrations can be detected in advance, thus preventing accidents and injuries.

AI is also being used to enhance safety through the use of wearables. These are capable of monitoring workers in real-time to determine the risk of dehydration, blood-pressure heart issues, or suffering from fatigue.

Moreover, AR and virtual reality (VR), as well as wearables, are being considered to increase mine productivity, especially in terms of gamification, which is used to simulate work situations and test new ways of working without risking safety or causing damage.

Furthermore, the automation of mining operations is set to develop rapidly, particularly in terms of the maintenance and overall operations of mines. Automation introduces the potential for 'man-less' mines, which would reduce costs and improve productivity, while also enhancing safety and sustainability. 

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# PLATINUM GROUP METALS **TRENDS**



# PLATINUM GROUP METALS **TRENDS**





**14 October 2021**

### **Global Platinum Deficit Predicted for Several Years Ahead**

According to the Research Director of the World Platinum Investment Council (WPIC), Trevor Raymond, the market is recognising that there is a high likelihood of a platinum deficit, rather than a surplus, in the medium term.

This deficit is set to be driven by compounded consumer demand for automotive vehicles, as well as the substitution of platinum for palladium. This will increase demand for platinum, a crucial component in internal combustion engines, and drive the deficit in the future.

There has been concern regarding the lowered production of vehicles, and associated lower demand for platinum metals because of the semiconductor shortage, which has resulted in significantly lower vehicle production numbers due to the necessity of these components.

Forecasts in terms of vehicle production numbers have been particularly volatile, with suggestions of between three and seven million fewer vehicles being produced. Current estimates indicate vehicle production to have decreased by between three and four million over the past few months.

Therefore, a production loss of approximately three million vehicles, from 85 million to 82 million, would result in a 35 000 oz loss of platinum per million in terms of lost vehicle production, both light and heavy-duty.

However, it is indicated that although there is a current surplus of platinum, this is likely to change rapidly once the global semiconductor shortage is resolved, as vehicle production, and thus demand for platinum, will increase.

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7 October 2021

### Local PGM Producers Indicate PGM Landscape to be Changing

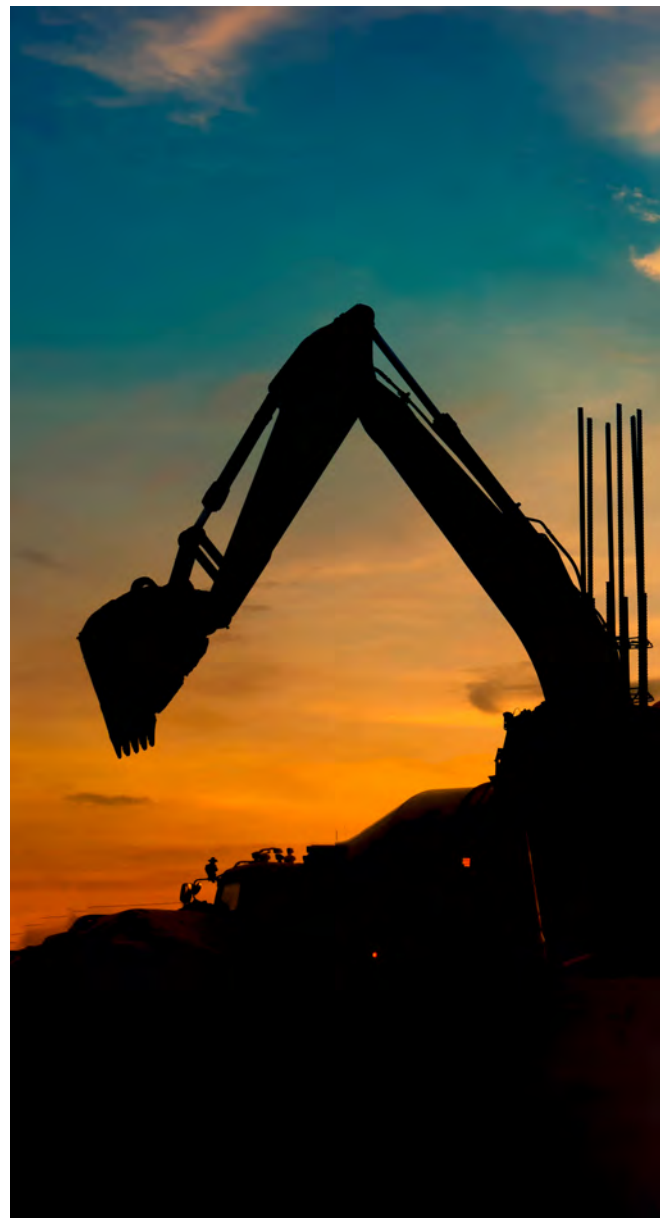
In terms of the future of Platinum Group Metals (PGMs), local producers are diversifying and adapting to ensure the continued profitability and success of the industry. This includes diversification into battery metals, with other players seeking to benefit from the hydrogen economy.

In particular, the Chief Executive Officer of Anglo American Platinum, Natascha Viljoen, indicated that the company's growth plan encompasses greater local beneficiation, including feasibility studies and the use of cleaner energy. Viljoen also indicated that the mobility transition is bringing uncertainty, as PGMs are not used in the production of electric vehicles, or their batteries, and instead has highlighted the role of PGMs in the hydrogen space.

At the same time, the Chief Executive Officer of Sibanye-Stillwater, Neal Froneman, indicated that although the company is aggressively pursuing battery metals, it is still invested in PGMs. In terms of earnings, the company aims to have a third come from gold, a third from energy metals, and a third from PGMs.

Moreover, the Chief Executive Officer of Royal Bafokeng Platinum, Steve Phiri, indicated that the PGM sector is not a 'sunset' industry and that incoming threats should be seen as opportunities.

More specifically, Phiri believes that catalytic converter demand will remain strong as long as internal combustion engines remain on the market, which will remain the case for several years to come. As a result, Royal Bafokeng Platinum is set to remain a PGM metals-only miner for the foreseeable future.



[READ MORE](#) ● ● ●

## 17 September 2021

### PGMs Set to Play a Key Role in South African Economy in Years Ahead

Platinum Group Metals (PGMs) currently make up a significant part of the South African economy, particularly in terms of exports, contributing positively to a strong exchange rate and a strong current account. PGMs are expected to continue to play a major role in the

economy, despite potentially reduced PGM usage due to the switch to electric and hybrid vehicles.

PGMs, which consist predominantly of platinum, palladium and rhodium, are currently used in the catalytic converters of petrol and diesel vehicles. However, with the increasing popularity of electric and hybrid vehicles, demand for petrol and diesel vehicles is likely to decline.

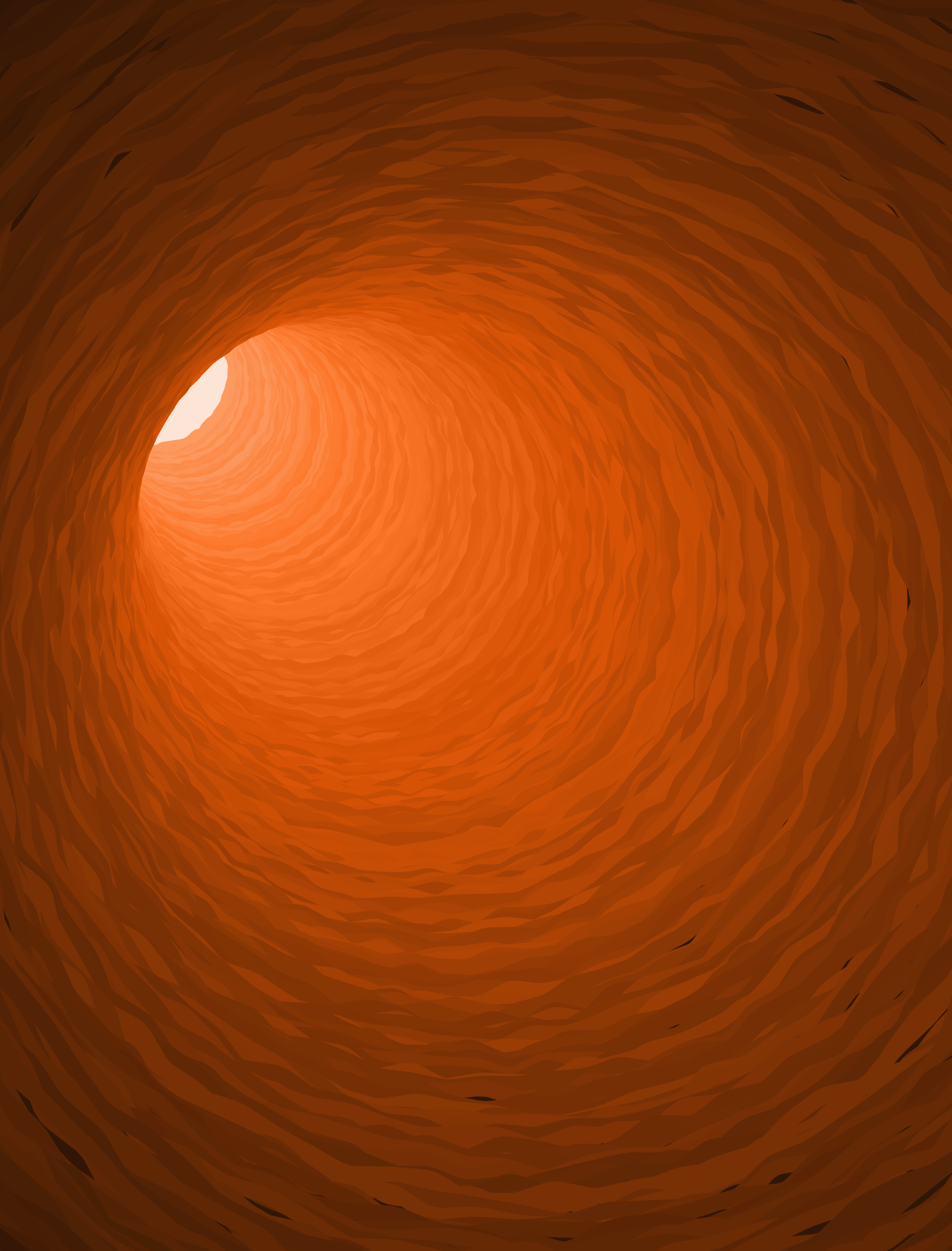
However, at the same time, South Africa remains the largest producer of PGMs, highlighting the future relevance of the metal for the local economy, despite the impending challenges.

More specifically, it is possible that PGMs may be used extensively in a future hydrogen economy, which is considered to be the next step as an alternative to the current fossil-fuel-based energy system. In particular, platinum plays a crucial role in the production of energy in a hydrogen fuel cell through a chemical reaction.

According to a consultant at Sweden-based Powercell, hydrogen fuel cells are seen to have the highest opportunity in the heavy vehicle market. This is because battery-powered trucks have challenges, including long charging times and shorter possible distances. Additionally, hydrogen fuel cells could also be used as an alternative energy source for ships and trains. <sup>MR</sup>

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# SUSTAINABILITY **TRENDS**



# SUSTAINABILITY TRENDS

10 November 2021

## Implats Views Solar, Wind and Hydrogen Energy as Way Forward for Sustainable Energy

According to Impala Platinum's (Implats) Sustainable Development Executive Tsakani Mthombeni, the company perceives ideal conditions for the application of renewable energy in the mining sector. This includes the large-scale rollout of renewable-energy sources.

More specifically, Mthombeni indicated that the use of renewable energy in mining is being driven by significant reductions, in terms of the costs required to obtain sustainable energy technology. This includes the 97% reduction in the cost of lithium-ion batteries between 1991 and 2018, as well as solar and wind becoming the cheapest sources of energy globally.

This makes the use of these technologies ideal for mining players, as mines are often located on large, open pieces of land with substantial

space for the development of renewable power, particularly solar power. These developments also offer the opportunity to contribute to socio-economic development and job creation.

Moreover, the implementation of renewable energy technologies and solutions offers miners the opportunity to save on electricity as an input cost, as well as leaving behind a positive legacy for mining communities.

For example, Implats has invested R25 million in targeted fuel-cell development locally, together with government and local institutions, to promote local skills development. Additionally, the company indicated it will be building 185 MW of solar plants at its Zimbabwean operations, with plans to install a 10 MW solar plant at its Marula mine in South Africa.

[READ MORE](#)





## 8 November 2021

### SA Mining Sector Required to Decarbonise to Ensure Competitiveness

According to the Chief Executive Officer of African Rainbow Minerals, Michael Schmidt, the South African mining sector can remain globally competitive by driving decarbonisation along the value chain and adapting to global shifts in mining commodity value pools.

In particular, Schmidt indicated that South Africa needs to decarbonise

its economy within the next three decades and transform into an economy that is low-carbon, climate-resilient and innovative.

Schmidt added, however, that the local mining sector will have key challenges to face in terms of decarbonisation, as growing numbers of countries and companies around the world set ambitious targets in terms of decarbonisation.

Additionally, Schmidt indicated that the materialisation of the significant shift in terms of commodity value



pools will have a large impact on the businesses of local mining players.

Furthermore, the recent R131 billion pledge for South Africa's just transition from coal to renewable sources of energy, is set to assist South Africa in reducing dependency on coal. However, this commitment will need to extend into the local mining sector, with miners being required to think into the future and become a sector of decarbonisation throughout its value chain.

Finally, Schmidt added that sufficient thought and provision would enable local mining players to take advantage of low-hanging fruit and opportunity.

**READ MORE**



## 2 November 2021

### Anglo American Set to Generate Electricity Using Underground Mine Water


The diversified mining company Anglo American has indicated that it intends to make use of underground mining water to generate electricity. This system will reduce storage capacity by 50%, when compared with lithium-ion or hydrogen storage.

More specifically, the underground water will be pumped up at a stage when operations have sufficient excess renewable power. It will then be allowed to run back down, generating electricity when it is required.

Additionally, it is planned that the pumped hydro storage system will synergise with wheeled Southern African wind and solar power to provide Anglo American with energy at all of its sites in the region.

According to the Chief Executive (CE) of Anglo American, Mark Cutifani, this represents a smart solution that utilises existing underutilised physical assets. Cutifani added that the solution provides the company with a cost-effective solution for the entire South African package.

Overall, Anglo American's sustainability update, which includes the use of underground mine water, indicated the planned renewable infrastructure supporting emissions reduction, as well as adding an additional 2.7 GW and 4.4 GW of grid capacity, for consistent clean power.

Investment in these sustainability initiatives is set to be led by third-party infrastructure funds, with a completion date of 2030. Sites include the Mogalakwena platinum group metals (PGMs) mine, and the Venetia diamond mine, amongst others. 

**READ MORE**





# SOCIOPOLITICAL **FACTORS**





# SOCIO- POLITICAL FACTORS

## 9 November 2021 AMCU Concerned Regarding SA's Transition from Coal- Based Resources

The Association of Mineworkers and Construction Union (AMCU) has indicated that it is concerned about the potential for unfairness in South Africa's proposed transition away from coal-based resources. This follows the announcement that South Africa would be moving away from coal-fired power generation.

In particular, AMCU expressed their concern after the announcement by President Cyril Ramaphosa that an agreement and partnership had been reached with France, Germany, the United Kingdom, the United States and the European Union for approximately R131 billion in financing to achieve a just energy transition.

The president of AMCU, Joseph Mathunjwa, indicated that

these developed countries are already industrialised, built on coal-based resources, and have exploitative working conditions for mineworkers. Therefore, there is the potential for unfairness because of the fact that South Africa is a developing country and is currently in the industrialisation process.

Mathunjwa further indicated that the transition away from coal needs to be just and must ensure a full commitment to the needs of workers, directly and indirectly employed by the local coal industry, as well as their families and communities.

As a result, Mathunjwa issued an open letter to the Mineral Resources and Energy Minister, Gwede Mantashe. This open letter requests the convening of a tripartite summit to ensure a just transition from coal to cleaner sources of energy.

**READ MORE**



## 2 November 2021

### **Minerals Council Expresses Concern Regarding Increasing Mining Deaths**

The Minerals Council of South Africa has indicated that it is deeply concerned regarding the poor safety performance of the mining sector since 2020. This follows several years of significant safety improvements, with the COVID-19 pandemic being indicated as the main catalyst for recent poor safety performance.

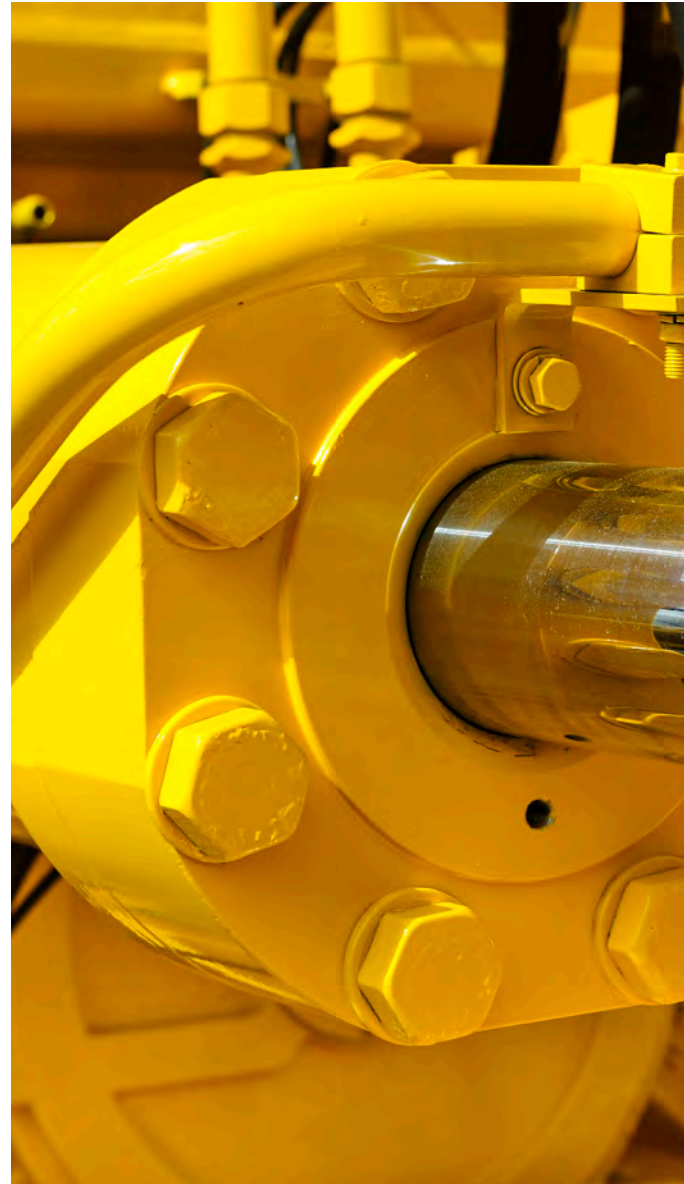
According to the Minerals Council of South Africa, there had been a total of 55 fatalities as of 28 October 2021. This contrasts with the total of 43 fatalities that had been recorded in October 2020, making 2021 the second consecutive year that mining fatalities have increased.

In terms of deaths by sector, the gold-mining sector accounted for the majority of mining deaths, with a total of 23 deaths. This was followed by the platinum sector, with a total of 14 deaths.

According to the Council, disruptions to the working environment in mines has been a key factor contributing to the increased number of deaths. More specifically, absenteeism as well as changes to frontline underground teams, have been unsettling work patterns and flows since the beginning of the pandemic in early 2020.

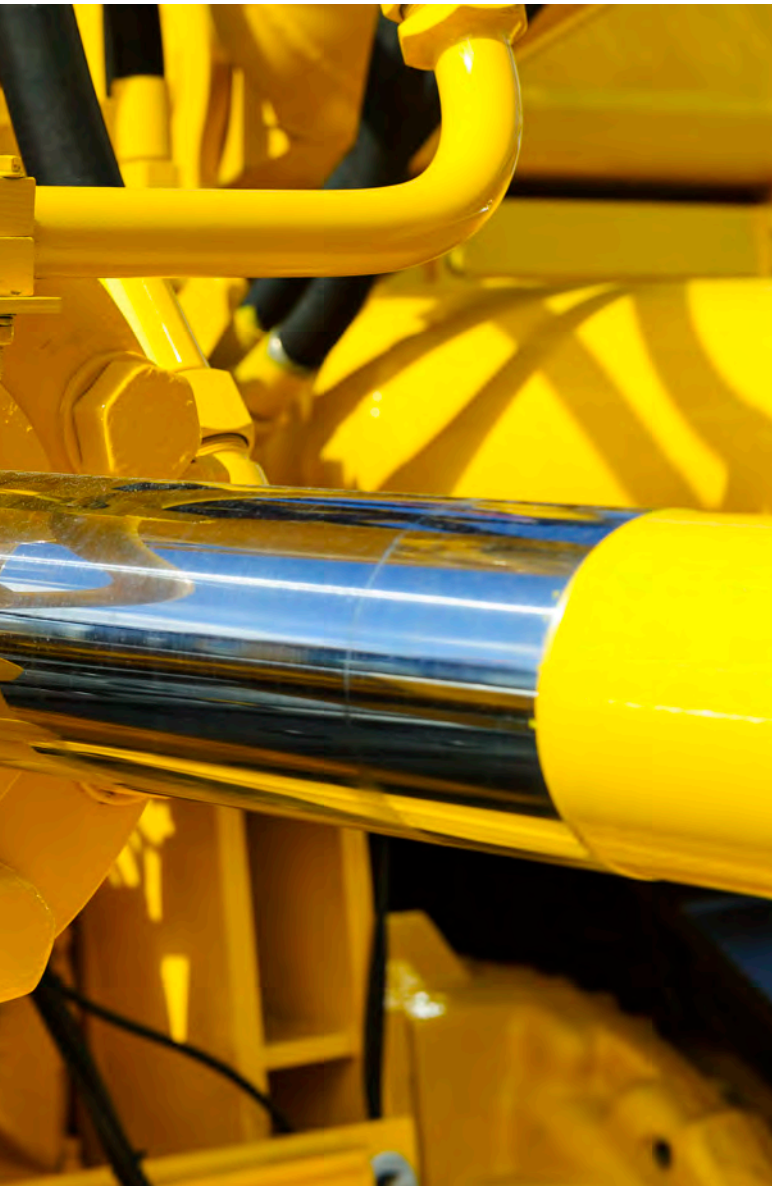
In reaction to this increase in fatalities, the Department of Mineral Resources and Energy, together with unions and professional associations, are planning an emergency MineSafe summit in November 2021. Additionally, it is suggested that this increase will not be ignored by board members, with ESG concerns currently setting much of corporate agendas.

[READ MORE](#)



**11 October 2021****Mining Industry Claimed to be Eroding the Rights of SA Women**


According to the Chair of the Mining and Environmental Justice Community Network of South Africa (MEJCON), Margaret Molomo, the mining industry is having an adverse effect on the rights of women. This includes the impact of mining on communities in which mines operate, as well as gender inequality in the mining sector itself.



In terms of the impact of mining on women in communities, mining projects are claimed to pose a threat to the availability and quality of agricultural land needed by women, to feed their families and produce surplus produce to sell at markets. This is due to the effect that mining has on both soil and water in surrounding areas.

Additionally, Molomo claims that fewer women can look for work outside of the home, due to having to care for sick relatives affected by mine pollution. Furthermore, mines often hire experienced male workers from other areas, resulting in high unemployment of local men, and associated growth in issues such as domestic violence, underage sex work and teenage pregnancy.

In terms of the industry itself, research shows that men receive more rewards through mining projects, including employment, as well as better income and compensation. Additionally, opportunities for training are mostly prioritised for men, while women who become mine workers are often subjected to sexual harassment, as well as physical and verbal abuse by male colleagues.

Suggested ways of addressing these issues include meaningful female participation and gender impact assessments, amongst others. 

[READ MORE](#)



# LEGISLATION





# LEGISLATION



## 2 November 2021 Magistrate Provides Details on Proceedings of Inquest into Lily Mine Tragedy

A magistrate at the Nelspruit Magistrate's Court, Annemarie van der Merwe, has given details as to how the inquest into the deaths of three mine employees at the Lily Mine will proceed. The inquest is set to determine what happened to the three mine employees, and whether anyone can be held responsible for their deaths.

In particular, the deaths of the three mine employees occurred in 2016 when they were buried underground in a container that fell into a sinkhole at the mine. Although the bodies of the three employees have not yet been recovered, they have all been presumed dead.

According to van der Merwe, two assessors will be assisting the court with factual determinations, and the decision of the majority on the facts would be a

decisive finding. It was further indicated that proceedings of the inquest would be handed to the mine, as well as its business rescue practitioners.

Moreover, van der Merwe also mentioned that the inquest did not constitute a criminal trial, and therefore would not be treated as one. She added that witnesses would testify on statements given during the tragedy, and would be allowed to comment and add on to statements.

Furthermore, van der Merwe indicated that the court had already been presented with both a docket, as well as some statements, which includes documents that were submitted by the Department of Mineral Resources. Van der Merwe concluded that the purpose of the inquest was to determine the deaths, as well as if anyone was responsible.

[READ MORE](#) 



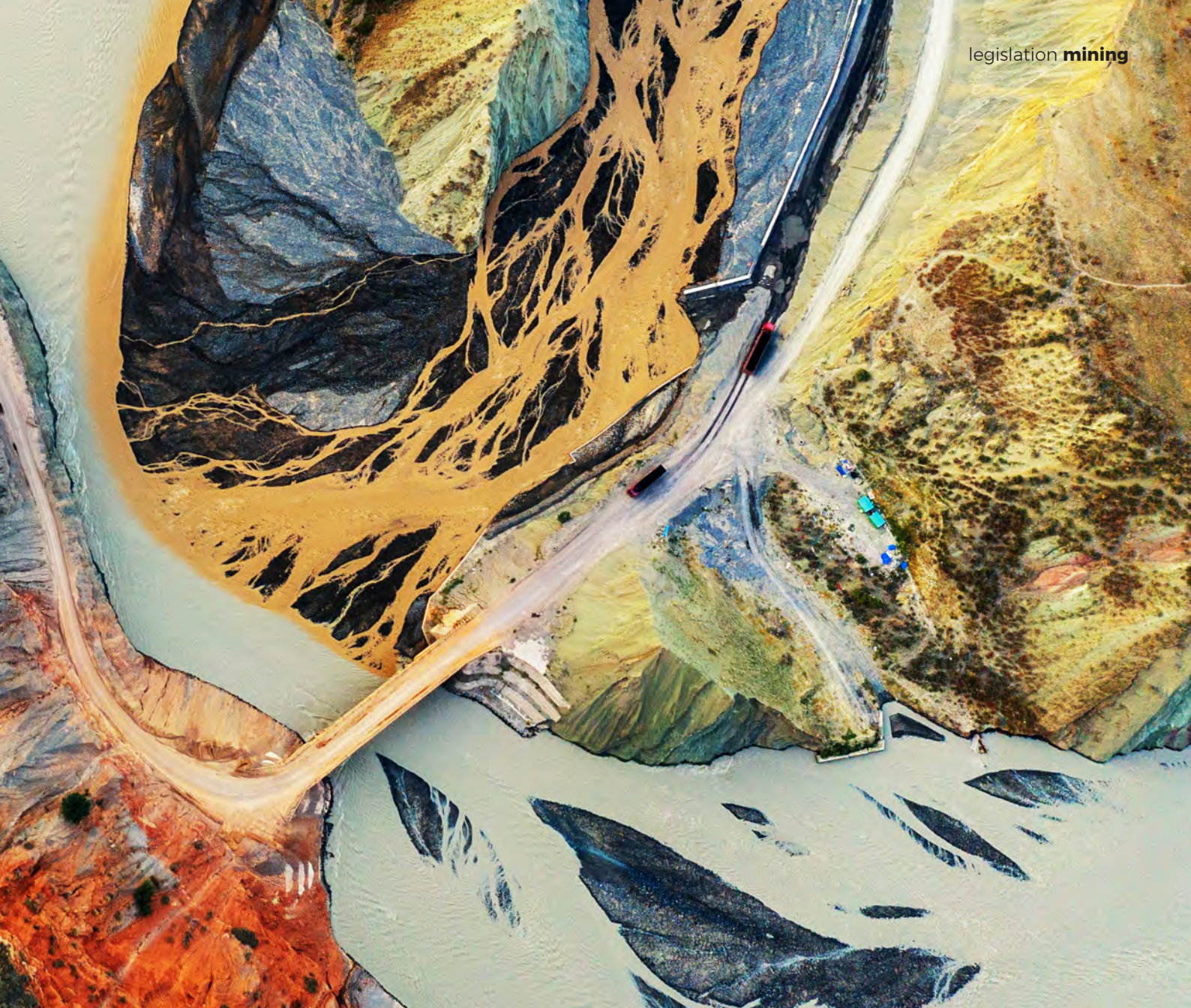
## 4 October 2021

### South African Government Likely to Appeal High Court Mining Charter Ruling

It has been indicated that the South African government is likely to appeal two High Court rulings striking down rule changes requiring mining firms to be 26% owned by black investors in perpetuity. Webber Wentzel, a local law firm, has suggested that this judgment is likely to be appealed by the government.

More specifically, the High Court had upheld the principle of 'once empowered, always empowered', and had also removed procurement targets. The Mineral Resources and Energy Minister, Gwede Mantashe, indicated that the charter remained a tool for transformation and encouraged inclusive growth and development.

The Minister had also been seeking, through the charter, to require mining companies to top up their Black



Economic Empowerment ownership to 30%, should they fall below the 26% BEE threshold.

However, according to legal firm Fasken, the ruling means mining right holders that had achieved a minimum of 26% BEE shareholding at any time, and whose BEE partners had exited before the commencement of Mining Charter III, would be considered as compliant with these requirements for the full length of the mining right.

However, at the same time, it was indicated that only some of the charter's provisions were struck down. Those not set aside include a 30% BEE shareholding requirement, amongst others. Despite this, the court ruled the charter to be a policy document rather than legally binding, and that mining right holders are not legally required to comply with the remaining requirements.

[READ MORE](#) ● ● ●



## October 2021

### Draft Geoscience Act Poses Potential Threats to SA Exploration Companies


The Mineral Resources and Energy Minister, Gwede Mantashe, has published draft regulations that will require extensive disclosure of both prospecting and mining information by rights and non-rights holders. However, these regulations contain no provisions for secrecy or confidentiality.

Currently, mining exploration, which is necessary to take a greenfields project from nothing to bankable feasibility, and eventual mining, is reliant on investment by risk-hungry investors. As a result, mineral resource information remains the closely guarded intellectual property of explorers.

However, the proposed draft regulations would compel the annual lodging of all onshore and offshore prospecting geoscience data and information by rights holders, from the date of grant, or within 30 days of the lapsing of the grant. This includes technical

reports, progress reports and prospecting reports, amongst others.

Under current regulations, the Geoscience Council may seize exploration information and data, except in cases where another law imposes a restriction on the publication or display of this information. However, under the new draft regulations, all geosciences data and information can be accessed by anyone upon written request.

This lack of secrecy and confidentiality, under the new regulations could be a significant obstacle when attempting to sell exploration projects. Although information owners would still be able to monetise and sell data, investors could be deterred from investing in local exploration by the lack of data security and confidentiality. 

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