INTEGRAL

Asset Management

The application of best practice when uncertain.

2 October 2025

Mining investment in uncertainty

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Experiencing historic global uncertainty and increasing government interference.

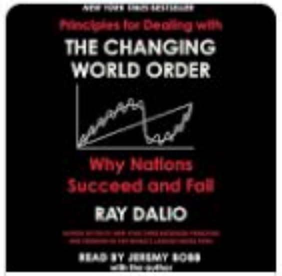
"The time ahead will be radically different from those experienced <u>in our lifetimes</u> but seen many times before" **– Ray Dalio, Bridgewater Capital.**

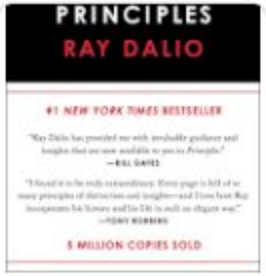
Ray Dalio – Principles for dealing with the Changing World Order

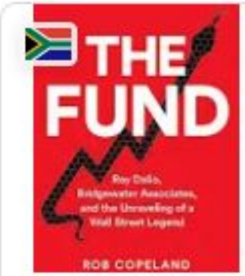
The 5 converging forces:

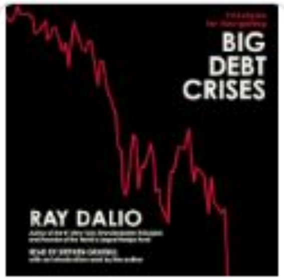
1. Excessive global debt.
2. Big internal conflict.
3. Increasing external conflicts,
   - Challenge to reserve currency privilege of the US.
4. Extreme events – floods, droughts, tsunamis, earthquakes, pandemics,
5. AI/technology changes,

An added uncertainty and concern are the **inversions of demographic profiles** of certain countries.

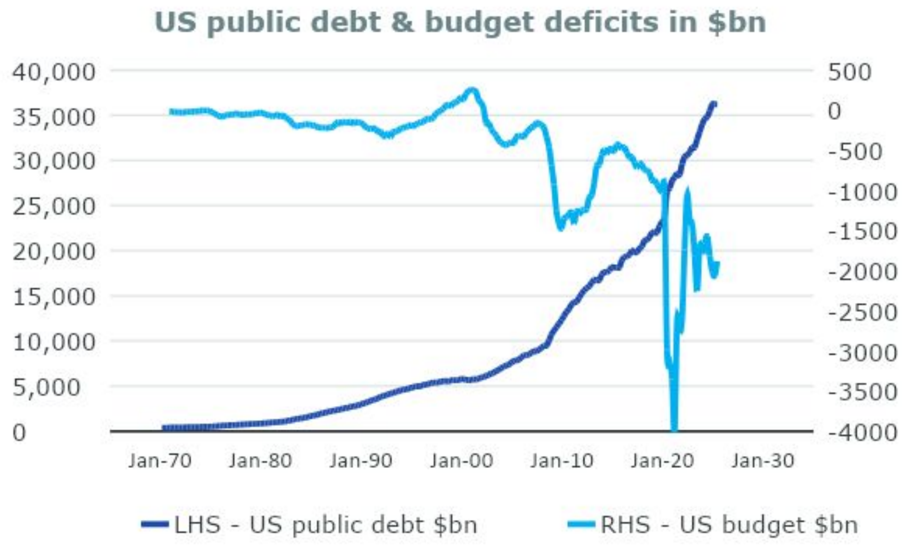








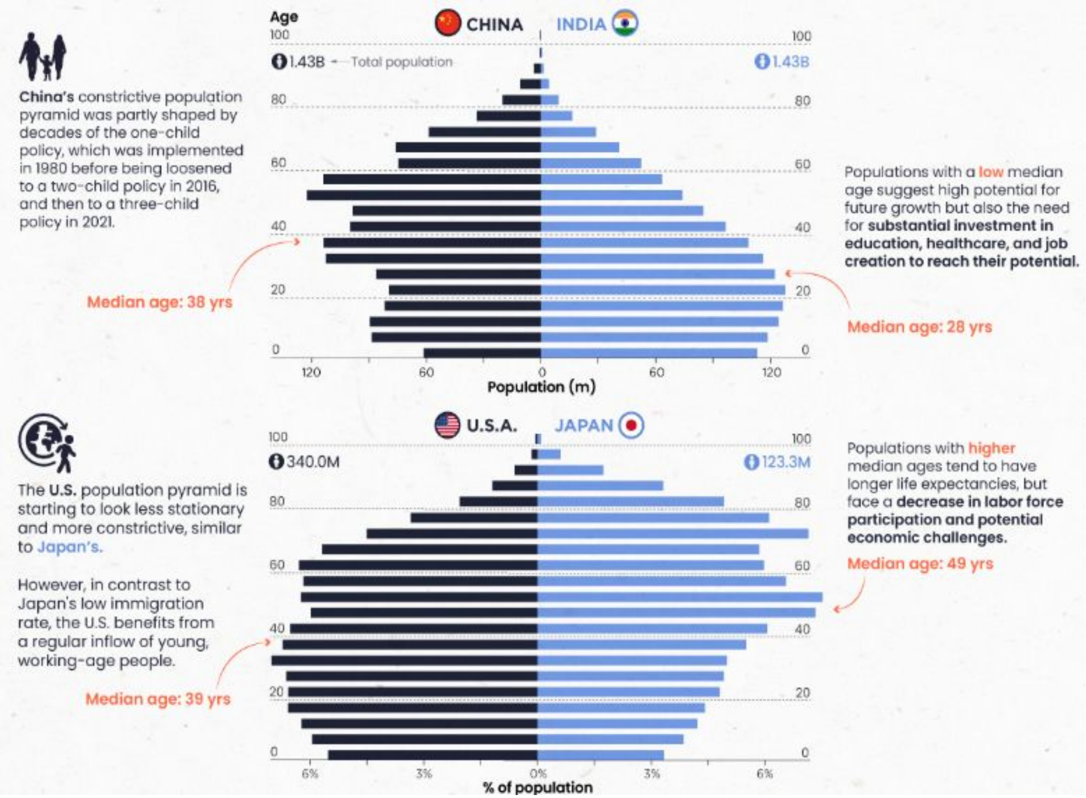
US public debt has trebled since the start of the GFC (2007) to 122% of GDP. Meanwhile, the budget deficit has increased almost 1000%.



Source: Fiscal Data, The Big Debt Crisis, The Changing World Order, why nations succeed and fail, Ray Dalio – Bridgewater Capital, Wikipedia.

Demographic profile inversions are at crisis levels in certain countries.

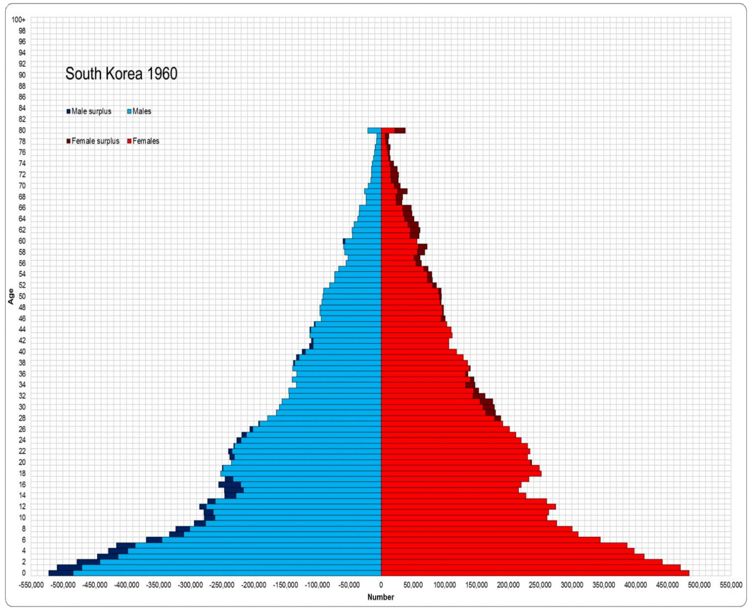
Reducing consumer and tax bases could have a profound impact on commodity demand.



South Korean demographic pyramid

- ✔ The fertility rate has fallen by 73% from 2.82 in 1980 to 0.75 in 2024.
- ✔ Annual net births have fallen by 120% from 586k in 1980 to -120k in 2024.

8.4m in the 55 – 64 age-group will be replaced by 6.4m (-24%) 20 – 29 age-group.



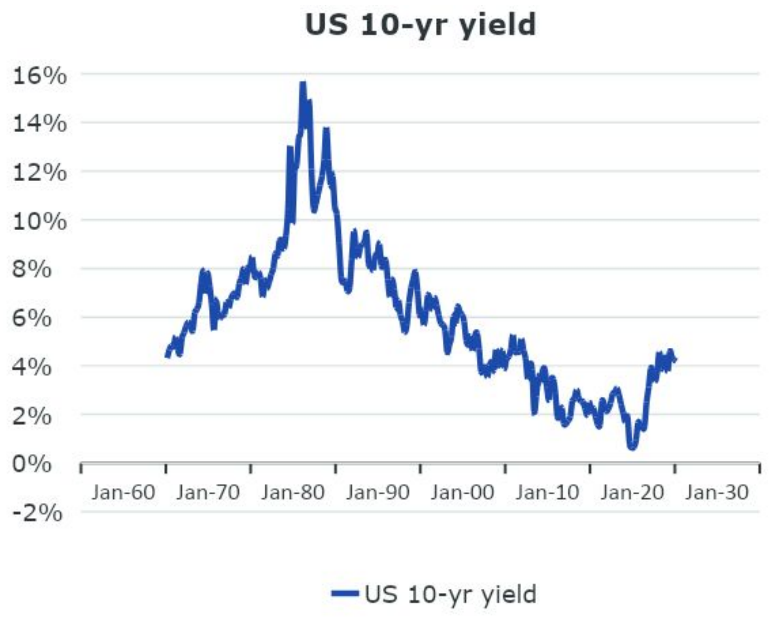
Source: Wikipedia, Visual Capitalist

Excessive debt - three occasions when a lot of money was printed in the US.

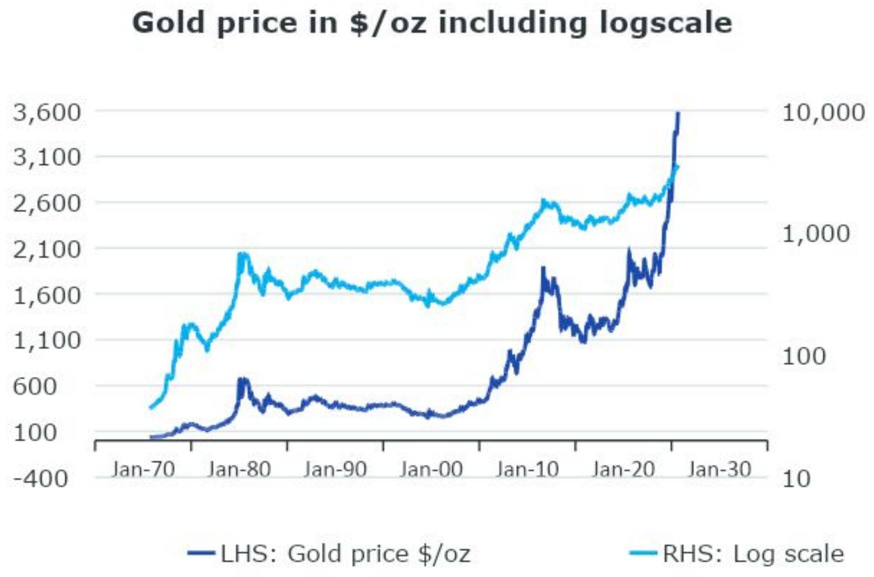
Movement in interest rates has a big impact on debt service costs, consumer expenditure, and bond and equity market valuations.

Three occasions when a lot more money was printed in the US.

- **April 1933** President Roosevelt suspended the gold standard.
- **In August 1971**, the US ran out of money and Nixon suspended dollar:gold convertibility.
- **Since 2008 US** money supply (M2) has increased by 156% and US federal debt has increased to $37tr – about 125% of GDP.



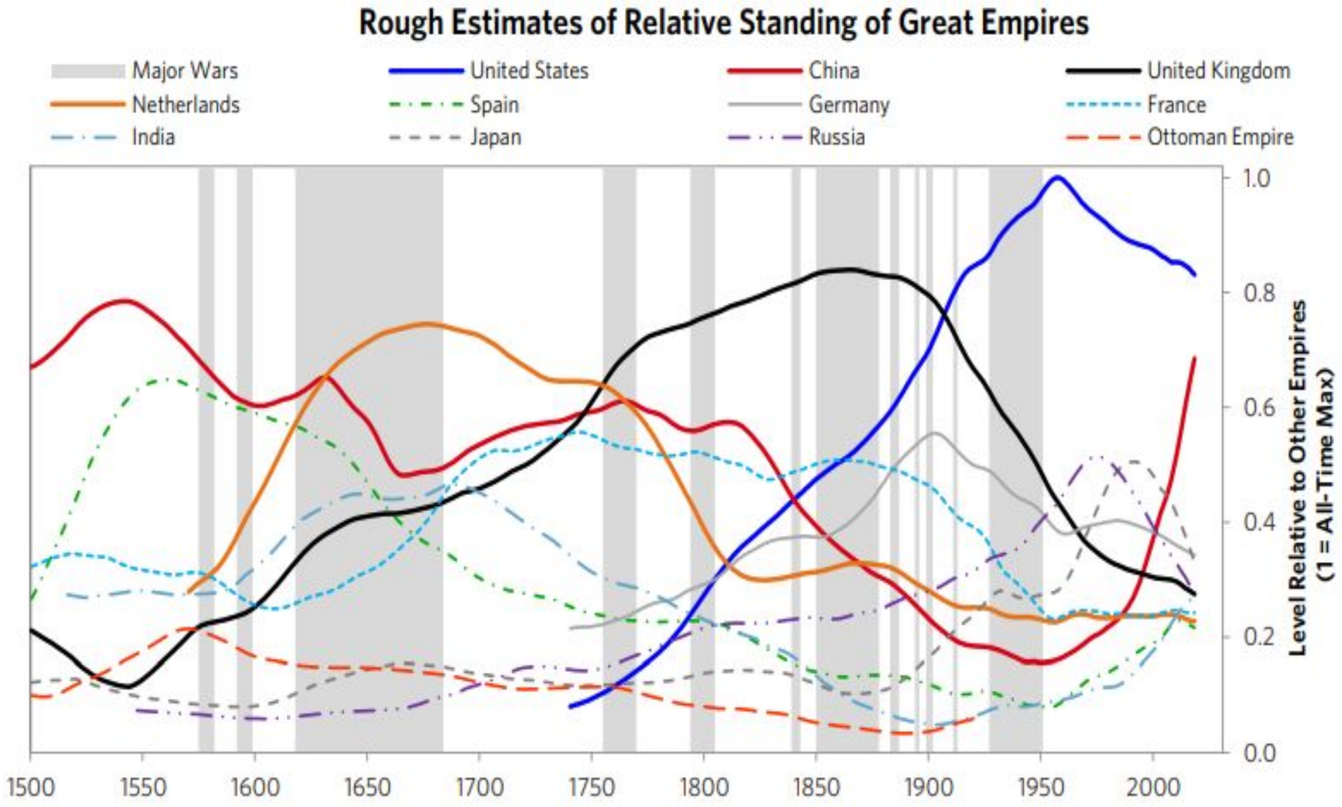
If you are not long of gold, you are long of politicians.



Source: LSEG, Wikipedia IAM research.

Seen many times before - the big debt cycle and the changing world order.

Rough Estimates of the Relative Standing of Great Empires and the Shifts in Wealth and Power That Occurred Between Countries.



Ray Dalio identified five key forces that shape the world and drive economic and global events.

These forces are interconnected and influence how systems work and how markets and economies behave.

Source: Geddes pioneering work in 1949, thereby identifying Eopolis, Polis, Metropolis, Megalopolis, Tyrranopolis, and Nekropolis, The Big Debt Cycle, Ray Dalio – Bridgewater Capital.

The big debt cycle and the changing world order.

Rough Estimates of the Relative Standing of Great Empires and the Shifts in Wealth and Power That Occurred Between Countries.

South Africa was greatly impacted by the rise and fall of the Dutch, British, and US empires – US/China?

Source: Geddes pioneering work in 1949, thereby identifying Eopolis, Polis, Metropolis, Megalopolis, Tyrranopolis, and Nekropolis, The Big Debt Cycle, Ray Dalio – Bridgewater Capital.

South Africa – a country of mining and farming towns.

Mining made SA great – a combination of competitive investment policies, worldclass infrastructure, entrepreneurs, and skills.

Includes also Cullinan, Brits, Marikana, Northam, Mokapane, Randfontein, Westonaria, Fochville, Potchefstroom, Klerksdorp.

Includes also Odendalsrus, Riebeeckstad, Douglas, Barkly West, O'Kiep, Aggeneys.

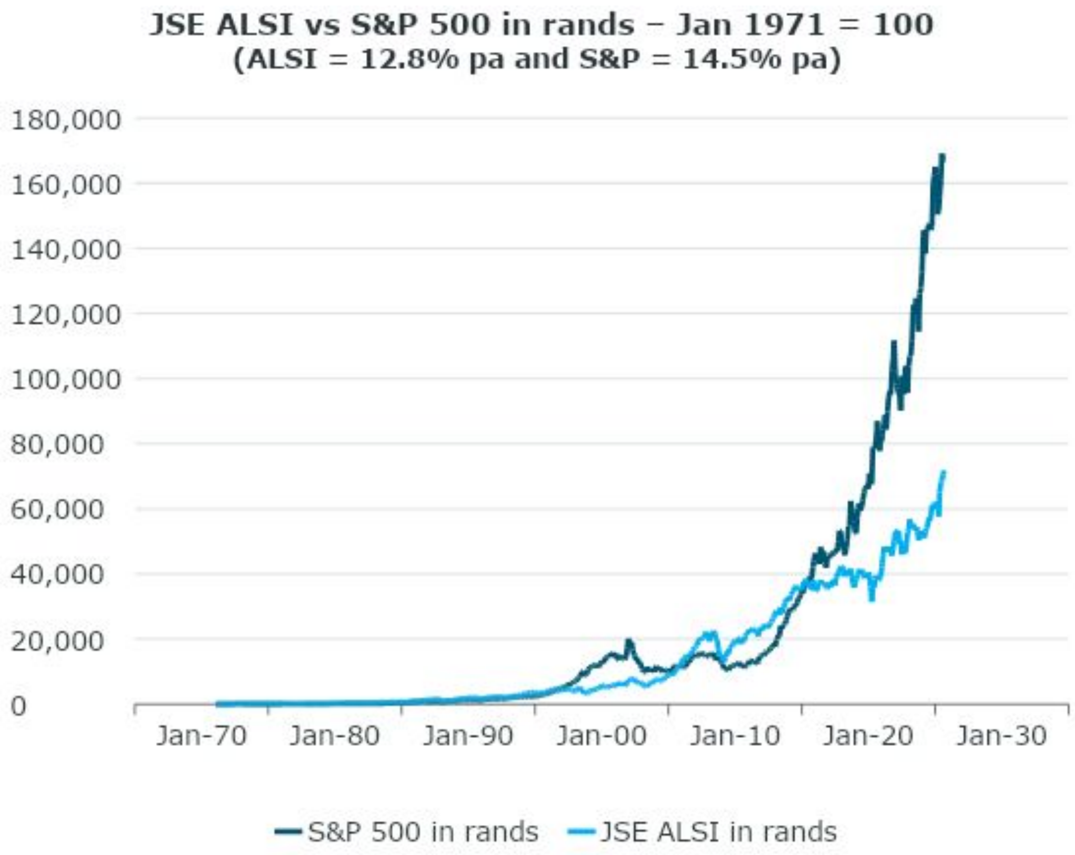
Includes also Steelpoort, Burgersfort, Ermelo, Middleburg, Piet Retief, Newcastle, Dundee, Dannhauser.

Source: IAM research

The JSE ALSI was the best performing global stock market for 123 years to 2023.

The Magic of the Mining Multiplier has been completely undone since 2015 due to anti-growth policies, state capture, meanwhile the US has benefitted from technology performance and extended market ratings.

Global real equity returns - 1900 - 2023		
Country	**Geometric mean**	**Std dev**
South Africa	7.0%	21.4%
Australia	6.7%	17.4%
US	6.4%	18.9%
New Zealand	6.1%	19.2%
Sweden	5.9%	21.2%
Canada	5.7%	16.8%
Denmark	5.7%	20.7%
Finland	5.4%	29.3%
UK	5.3%	19.5%
Netherlands	5.0%	21.1%
Switzerland	4.5%	19.3%
Norway	4.4%	26.2%
Ireland	4.2%	22.7%
Japan	4.2%	28.9%
Portugal	3.7%	33.5%
France	3.4%	22.8%
Spain	3.4%	21.5%
Germany	3.1%	31.1%
Belgium	2.7%	23.5%
Italy	2.1%	28.1%



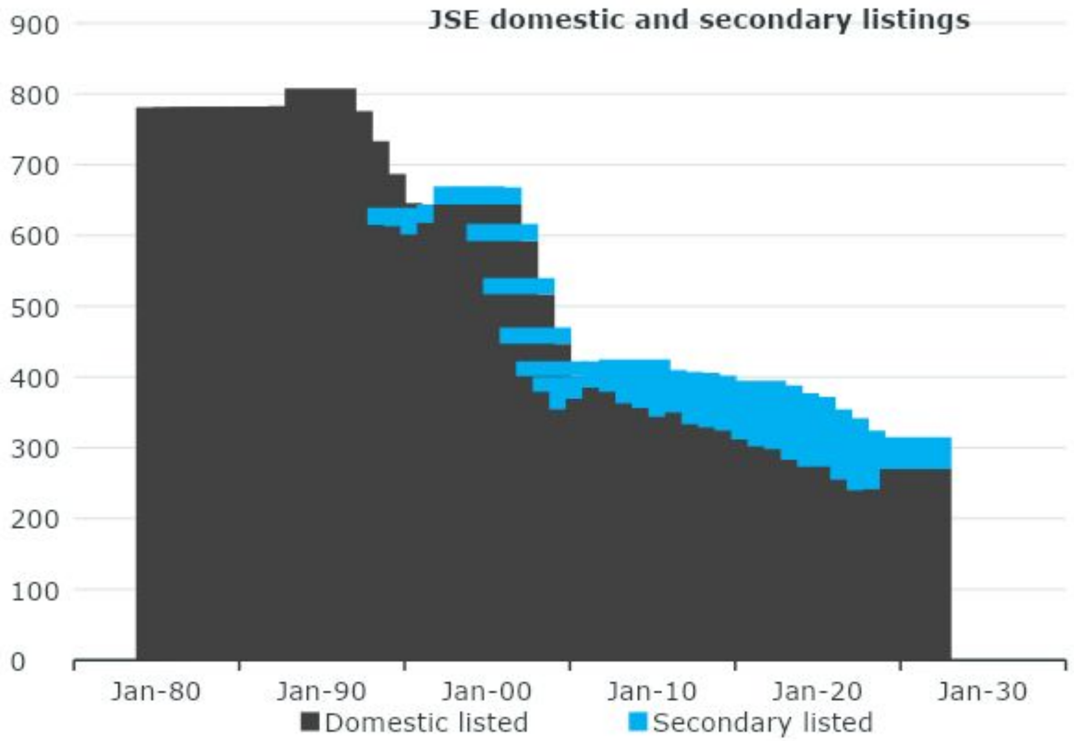
Source: LSEG, Credit Suisse Global Investment Returns Yearbook 2023, IAM research

The stock market – the heart of capitalism and enterprise.

Raising capital, building the economy, and the greatest potential to create wealth for small investors.

No savings – no investment.

Since 1989 the number of listed shares has fallen by 67% from 808 to 270 due to anti-growth policies and state capture.



"Between the chains" - The Johannesburg Stock Exchange located on the corner of Simmonds and Commissioner Streets – 8 November 1887.

Source: JSE, Property24, IAM research.

S&P 500 – the Top 20 or 4% account for 51% of market capitalization.

Three mining stocks in the S&P 500 - 0.25% of market capitalization.

S&P 500				
No.	**Stocks**	**Mkt cap $bn**	**%**	**Cum %**
1	NVIDIA	$ 4,300	6.8%	6.8%
2	Microsoft	$ 3,792	6.0%	12.8%
3	Apple	$ 3,744	5.9%	18.7%
4	Amazon	$ 2,993	4.7%	23.4%
5	Alphabet	$ 2,993	4.7%	28.1%
6	Alphabet	$ 2,349	3.7%	31.8%
7	Meta	$ 1,911	3.0%	34.9%
8	Broadcom	$ 1,602	2.5%	37.4%
9	Tesla	$ 1,472	2.3%	39.7%
10	Berkshire Hathaway	$ 1,072	1.7%	41.4%
11	Oracle	$ 877	1.4%	42.8%
12	JPMorgan	$ 862	1.4%	44.2%
13	Walmart	$ 819	1.3%	45.4%
14	Eli Lilly	$ 702	1.1%	46.6%
15	Visa	$ 653	1.0%	47.6%
16	Mastercard	$ 514	0.8%	48.4%
17	Netflix	$ 512	0.8%	49.2%
18	Exxon	$ 488	0.8%	50.0%
19	Palantir	$ 426	0.7%	50.6%
20	Johnson & Johnson	$ 426	0.7%	51.3%
20	**Top 20**	**$ 32,506**	**51.3%**	**51.3%**
500	**S&P 500**	**$ 63,337**	**100%**	**100%**

No.	Mining stocks	Mkt cap $bn	%	Cum %
120	Newmont	$ 91.7	0.1%	0.14%
198	Freeport-McMoRan	$ 54.1	0.1%	0.23%
485	Albemarle Corp	$ 9.6	0.02%	0.25%
3	**S&P 500 Mining**	**$ 155**	**0.25%**	**0.25%**

JSE ALSI – Top 20 or 6.5% account for 81% of market capitalization.

Top 10 account for 68% of market capitalization – all secondary listings.

– miners account for around 35% of the Top 10 and Top 20 market cap.

JSE ALSI				
No.	**Stocks**	**Mkt cap Rbn**	**%**	**Cum %**
1	Prosus	R2,806	13.1%	13.1%
2	BHP	R2,414	11.3%	24.3%
3	British America Tobacco	R2,006	9.4%	33.7%
4	Anheuser-Busch	R1,868	8.7%	42.4%
5	Richemont	R1,739	8.1%	50.5%
6	Naspers	R952	4.4%	55.0%
7	Glencore	R918	4.3%	59.2%
8	Anglo American	R735	3.4%	62.7%
9	Gold Fields	R616	2.9%	65.5%
10	Anglogold Ashanti	R583	2.7%	68.3%
11	FirstRand	R442	2.1%	70.3%
12	Capitec	R413	1.9%	72.2%
13	Standard Bank	R396	1.8%	74.1%
14	Valterra	R314	1.5%	75.6%
15	Vodacom	R272	1.3%	76.8%
16	MTN	R248	1.2%	78.0%
17	Impala	R192	0.9%	78.9%
18	Harmony	R189	0.9%	79.8%
19	Sanlam	R184	0.9%	80.6%
20	Shoprite	R163	0.8%	81.4%
20	**Top 20**	**R17,450**	81.4%	81.4%
123	**JSE ALSI**	**R21,444**	**100%**	**100%**
8	**Mining stocks**	**R5,961**	**27.8%**	**27.8%**

Source: LSEG, IAM research

SAMCODES 25 years – congratulations on this achievement.

How did the mining and investors communities survive in the previous 100 years without codes?

- ✔ **SAMREC Code was issued in March 2000 and adopted shortly thereafter by the JSE – to attract finance.**
- ✔ **Public reports for the purpose of informing investors, and the benefits are:**
  - **Materiality:** all relevant information that a reasonable investor would expect to find.
  - **Transparency:** a common framework for disclosing information.
  - **Competence:** provide comprehensive and unbiased reports.
- ✔ Ensure that the codes contain all information that investors/professional advisors would:
  - **Reasonably** require, **reasonably** expect, to make a **reasoned** and **balanced** judgement regarding reported exploration results, resources and reserves.
- ✔ **PLEASE DEFINE A REASONABLE INVESTOR!**

How do investors know that CPRs produce accurate valuations? There are no CP rankings or league tables.

Source: www.samcode.co.za, IAM research

Minimal JSE support for local mining listings or IPOs.

Australian investors show more interest than we do.

JSE listed mining stocks - the harsh reality.

- ✔ In 1994 there were 118 mining companies listed on the JSE.
- ✔ 2025 only 40 of which 23 have local mining assets.
- ✔ The JSE has battled to attract juniors compared to peers in Canada or Australia.
- ✔ Local mining listings Afrimat, Tharisa, Copper 360, and
    - Orion Minerals, ASPI (Renergen), Kore Potash, and Southern Palladium have primary ASX listings.

Source: JSE, IAM research

Glencore December 2024 annual reports – who has the time?

Pandering to too many causes - 12 reports and 665 pages

2024 Annual Report – 273 pages (21 MB)

2024 Ethics and Compliance Report – 114 pages (16 MB)

2024 Sustainability Report – 70 pages (6 MB)

2024 - 2026 Climate Action Transition Plan – 35 pages (7 MB)

2024 Payments to Governments Report – 21 pages

2024 Modern Slavery Statement – 49 pages

2024 Glencore ESG Data Book.xlsx – 13 sheets (360 KB)

2024 Basis of reporting – 23 pages (406 KB)

2024 Voluntary Principles on Security and Human Rights – 13 pages (338 KB)

2024 Review of our Direct and Indirect Advocacy – 29 pages (6 MB)

2024 Group Reporting Glossary – 7 pages (2 MB)

Scope 3 emissions calculation methodology - 18 pages (714 KB)

Source: Glencore AFS 2024.

JSE Readers Panel report for solid minerals - CPRs reviewed between 2000 and 2025.

CPRs have little impact on new listings.

Commodity	Number	%
PGMs	66	23.2%
Gold	49	17.3%
Industrial	42	14.8%
Coal	39	13.7%
Diamonds/Gems	29	10.2%
Base metals	20	7.0%
Chrome	17	6.0%
Ferrous	10	3.5%
Uranium	4	1.4%
Lithium	4	1.4%
Antimony/gold	2	0.7%
Tin	2	0.7%
Total	**284**	**100%**

Years	Number	%
2000 - 2004	49	17.3%
2005 - 2009	81	28.5%
2010 - 2014	64	22.5%
2015 - 2019	41	14.4%
2020	3	1.1%
2021	17	6.0%
2022	15	5.3%
2023	11	3.9%
2024	0	0.0%
2025	3	1.1%
Total	**284**	**100%**

✔ **Some questions from the Readers Panel:**

- Is the average page count (304 pages) of CPRs too much or too little?
- Does the investment community and the 'interested investor' need so much information and detail in a CPR?
- Who (apart from the CPs, Editors, and the Readers) reads a CPR from end to end?

Source: www.samcode.co.za

How useful are CPRs to the local investment community?

Answer – yes very important, but SAIMM is not preaching to the converted.

- ✔ **Investor focus is Reserves and Resources - Life of Mine NPV Free Cashflow models.**
- ✔ **Uncertainty starts:** Reasonable Prospects for Eventual Economic Extraction (RPEEE) – **what does reasonable and eventual mean?**
    - Tonnes and grade dominate the narrative, but are subject to endless assumptions,
    - Modifying factors are not widely understood – more questions than answers.
- ✔ Past project mishaps and delays distract and create a negative perception amongst investors.
- ✔ Uncertain commodity price forecasts and volatility is a further deterrent,
    - CPs rely on global banks and research houses for their commodity forecasts.
- ✔ Interest rates play an a crucial role in project valuations – can make or break a project.

Despite the SAMCODES many investors perceive mining to be too uncertain, too risky and they can't forecast commodity prices. There is a disconnect between SAIMM and investors.

Source: SAMCODES, IAM research

Plethora of government negatives that weigh on CPRs.

The government's transformation ideologically driven policies weigh on mining investment.

- ✔ Mineral rights and legal tenure - we are all growing old waiting for an efficient cadastral system.
  - Uncertainty, suspicion, and allegations of irregularities in the granting of rights.
- ✔ BEE and Mining Charter policies detract from investor returns.
- ✔ Eskom.
- ✔ Transnet.
- ✔ Labour and technical skills.
- ✔ Social Labour Plan and communities,
- ✔ Royalties an added cost.

Government's mission must be to provide a globally competitive mining tax regime and investment incentives supported by globally competitive services and to focus on education and technical skills.

Source: IAM research

There must be a courtship and long-term commitment between the SAIMM, institutional investors and the government.

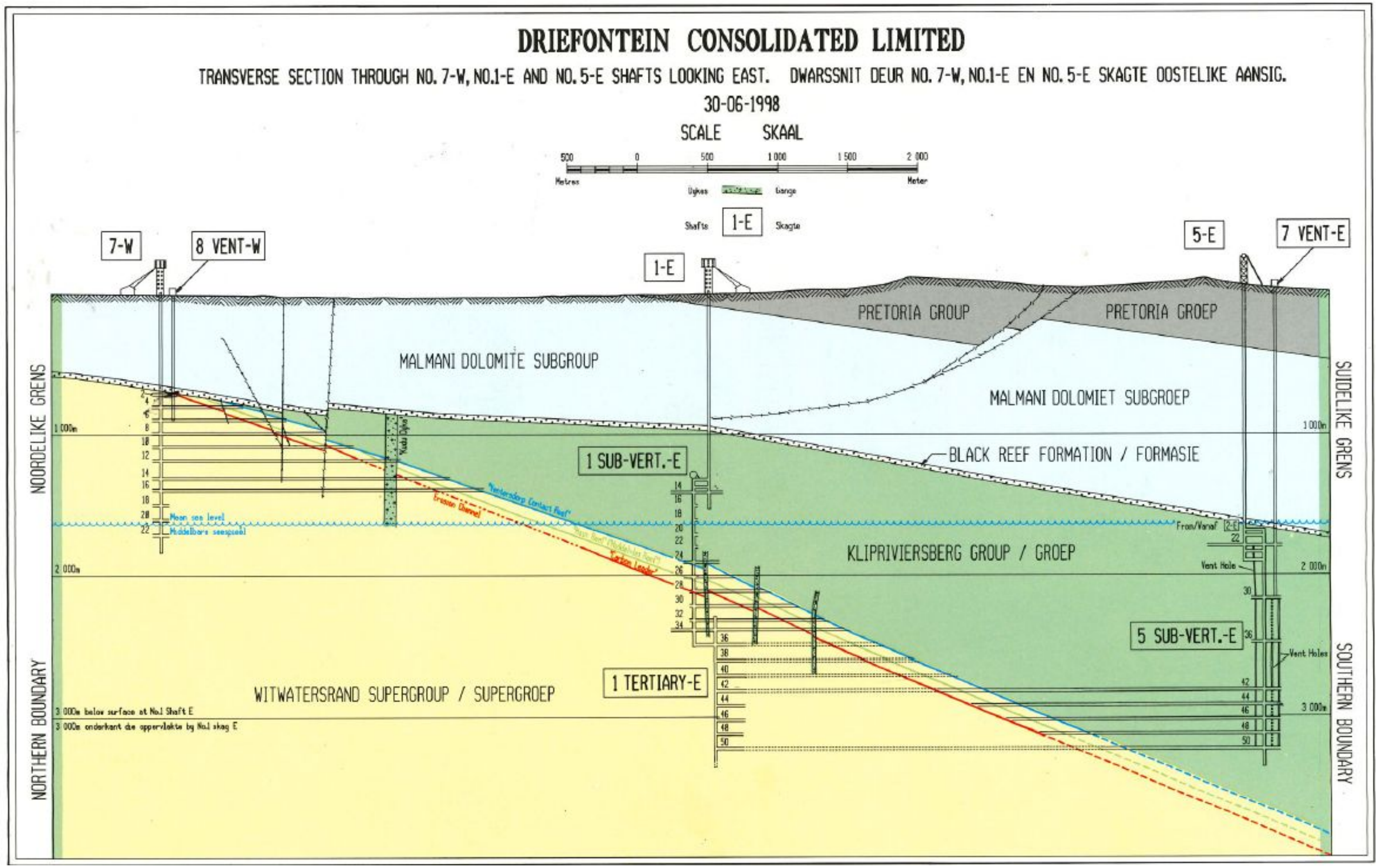
If there is no Tripartite alliance, we are all wasting our time. Lets try and spiral upwards, out of this quagmire.

1. **SAIMM members need to market themselves and the SAMCODES to institutional investors.**
    - SAIMM needs to embrace the risk and uncertainty of "what lies ahead and below",
    - Celebrate the skills we have and the ability to provide solutions.
2. **SAIMM and institutional investors then need to agree with the government on a globally competitive mining investment and tax framework.**
3. **SAIMM needs to educate investors, every picture tells a story.**
    - Use 3D and transverse or cross-sections and plan views to educate investors,

Source: IAM research

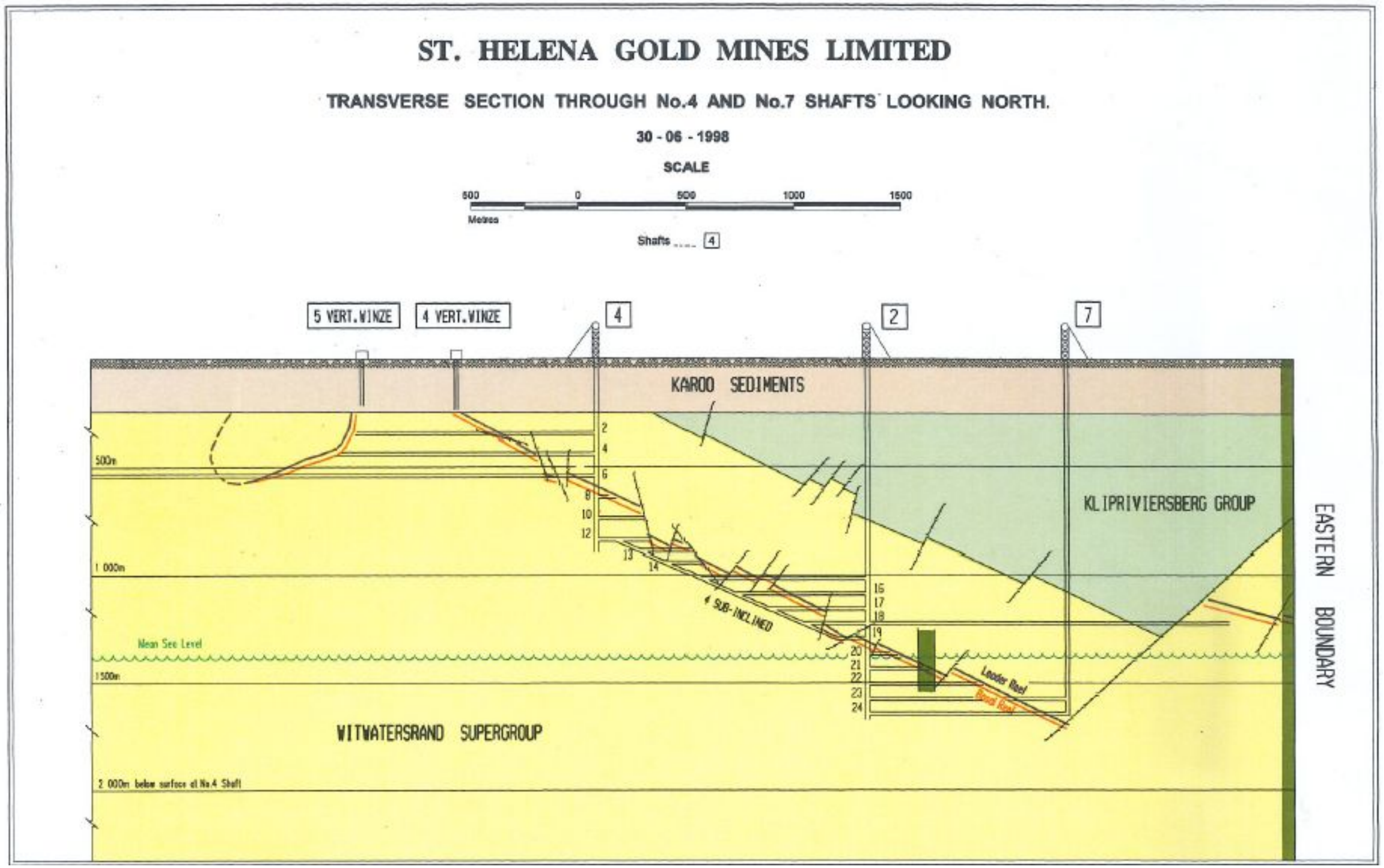
Driefontein Gold Mine transverse section.

Three reefs accessible from a single shaft, understand converting resources to reserves.



St. Helena Gold Mine transverse section.

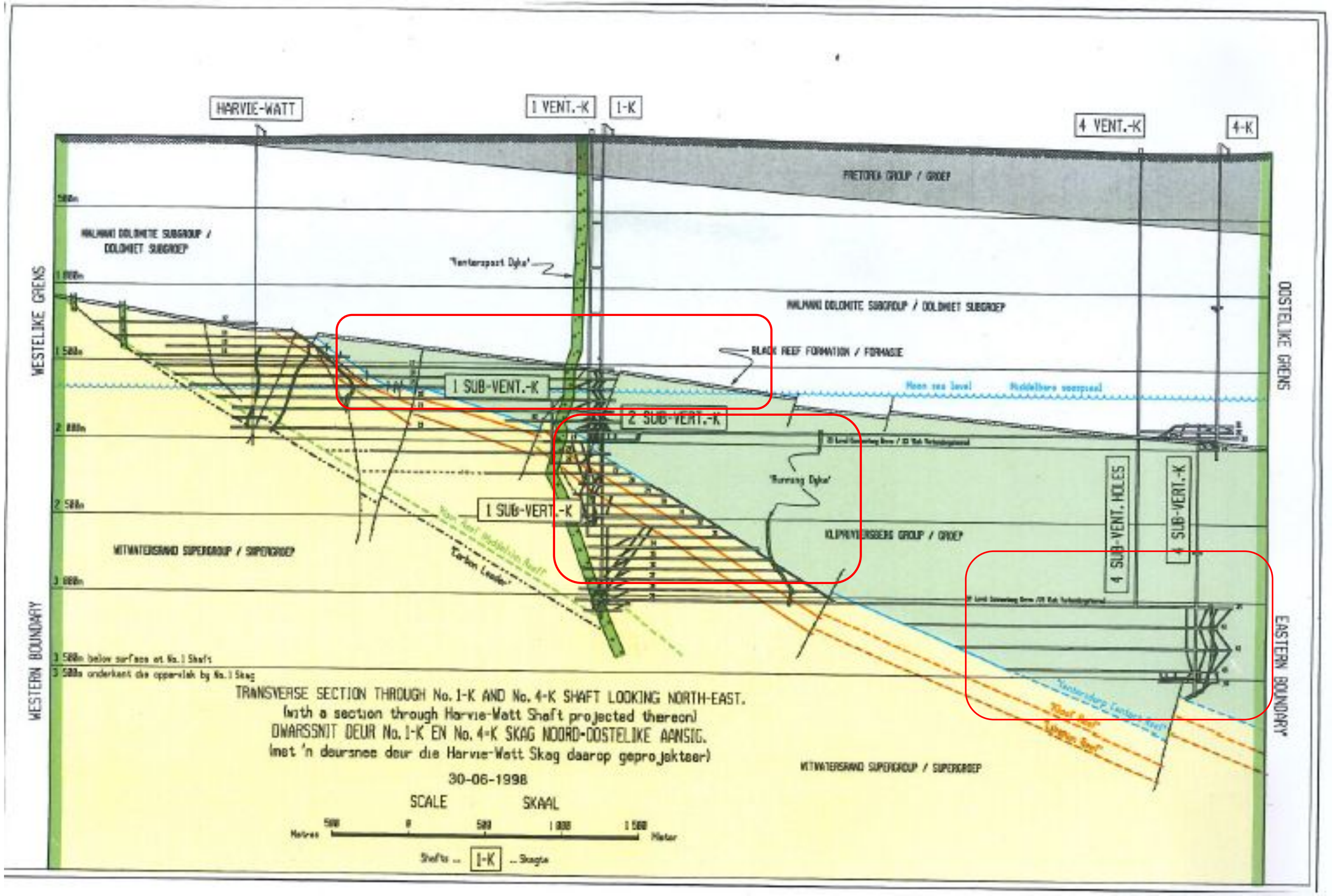
Comforting knowing that management knows where the faults are.



Source: Gold Fields AFS 1998.

Kloof Gold Mine transverse section.

Understanding sub-outcrops, sub-verticals, tertiary shafts, heat, seismicity, and travelling times.



Source: Gold Fields AFS 1998.

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