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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 4034

Ms S Mosikatsi (ANC) to ask the Minister of Trade, Industry and Competition:

- (1) With reference to mining activities by a certain company (name furnished) in the Kathu area of the Gamagara Local Municipality in the Northern Cape, what (a) is the total monetary value of the funding by the Industrial Development Corporation that was approved and disbursed to the specified company and (b) are the relevant details regarding the (i) current production levels, (ii) employment figures and (iii) operational status of the company;
- (2) whether the project has met its business plan milestones; if not, what corrective and/or enforcement measures have been taken to address underperformance; if so, what are the relevant details? NW4286E

REPLY:

- (1) **(a) IDC Funding:** The IDC approved funding of approximately R145 million for Kele Mining in August 2018. The funding was provided for capital expenditure and working capital requirements associated with the company's contract mining operations. The approved funding was fully disbursed and drawn.

(b) (i) Production Levels: Kele Mining is a contract mining company specialising in load-and-haul and material-handling services. As the company operates under contract mining arrangements, production levels are dependent on the scope and volume of work allocated by its clients. At the time of the IDC's latest assessment,



the company was operating at a significantly reduced scale compared with previous years.

(ii) Employment Numbers: Based on information reported to the IDC during 2025, Kele Mining had approximately 50 employees.

(iii) Operational Status: Kele Mining remains operational, although at a significantly reduced scale following the termination and non-renewal of several major mining contracts. In response to the reduced workload, the company implemented a downsizing strategy to align its operations with current business activity. To address its indebtedness, Kele Mining consented to the disposal of certain assets over which the IDC held security, as these assets were deemed surplus to its operational requirements. The assets were sold through a competitive process, and the proceeds were applied towards reducing the company's outstanding debt to the IDC. The company currently derives revenue from a limited number of mining activities, primarily from a single remaining contract, resulting in revenue levels that are substantially below historical performance. Engagements between the IDC, the company and related parties regarding the treatment and recovery of the remaining outstanding indebtedness are ongoing.

(2) Progress Against Business Plan Milestones and Remedial Actions

The project achieved several of the milestones contemplated in the original business plan, particularly during the period following the IDC's investment, when the company expanded its operations, secured significant contract mining opportunities and grew into a large black female-owned mining contractor in the Northern Cape. The company significantly increased its annual turnover and created substantial employment opportunities in the mining sector.

However, the project did not ultimately achieve all the longer-term business plan objectives and sustainability targets on which the IDC funding was premised. The company's performance was adversely affected by:



- the termination and expiry of several key mining contracts;
- reduced mining activity and contractor utilisation by its principal client;
- logistics constraints affecting the iron ore industry; and
- the company's inability to secure sufficient replacement contracts to offset the loss of revenue.

These factors contributed to a material reduction in turnover, employment and cash-generation capacity.

In response to the challenges experienced by the company, the IDC implemented several corrective interventions aimed at restoring the sustainability of the business. These included:

- restructuring the company's debt facilities during 2023, including revised repayment terms, repayment relief and measures intended to improve its cash-flow position and ability to continue trading;
- transferring the account to the IDC's Business Advisory and Turnaround Services function during 2024 to provide specialised turnaround support and assess options for stabilising the business and improving its long-term sustainability;
- working closely with management to evaluate and implement operational restructuring and cost-reduction measures, including the downsizing of the business to align its cost base with the reduced level of available contract work;
- engaging with the company regarding opportunities to secure replacement contract mining work and assessing the viability of prospective contracts that could support the continued operation of the business and the servicing of its debt obligations;
- conducting ongoing assessments of the company's financial position, cash-flow forecasts, operational viability and turnaround prospects, including engagements with internal sector specialists regarding potential opportunities in the mining sector; and



- engaging with the company regarding proposals to reduce its indebtedness, including the disposal of non-core assets and potential settlement proposals aimed at addressing its obligations to the IDC.

Following a reassessment of the company's prospects, and after it became apparent that the business was unable to secure sufficient replacement contracts to restore sustainability, Kele Mining's management advised the IDC of its decision to scale down the business, as discussed above.

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