

chairman's review

THE PACE OF ACTIVITY IN THE MINERALS INDUSTRY DURING THE FIRST PART OF 2008-2009 sustained Mintek to a record financial performance, with actual revenue up 7.3 per cent year-on-year. Total income exceeded the budgeted figure by 8 per cent, while the increase in total expenditure was held at 2 per cent, resulting in a before-tax profit of R39.9 million. This is an outstanding achievement, and I would like to congratulate Mintek's management and staff on their exceptional performance.

The year saw a notable Increase in investigations to support projects for uranium, iron ore beneficiation, nickel and a steady demand for PGM work. Project AuTEK, the joint initiative with industry and other R&D organisations to discover and develop new uses for gold, continued to make advances in the areas of biomedicine, catalysis, and nanotechnology. A new area of strategic research was initiated under the umbrella of the DST's Advanced Metals Initiative, aimed at stimulating the development of a titanium beneficiation industry in South Africa.

Mintek continued to forge new alliances, and strengthen existing ones, with industry partners, other R&D institutions, and government agencies both in South Africa and internationally. Our partnership with Braemore Platinum is progressing steadily towards the goal of establishing South Africa's first independent PGM smelter and base-metals refinery. Under project AuTEK, Mintek is collaborating with a number of organisations, including one of the world's largest pharmaceutical companies, the European COST programme, the NIH and Emory University in the USA, the World Gold Council, Strem Chemicals, Cranfield University and Moscow State University.

Technical co-operation partnerships have been launched with the Chilean research Centre for Mining and Metallurgy (CIMM) and the MTA in Turkey. Mintek's training initiatives and second economy interventions are supported by BHP Billiton, Xstrata, Shanduka Coal, the North West Department of Education, the Small Enterprise Development Agency, the Department of Labour (DoL) and the Mining Qualifications Authority (MQA).

The past twelve months have been a tumultuous period for the mining and minerals industries. After several years of unparalleled expansion, with commodity prices reaching multi-year highs, the resources sector underwent a dramatic and rapid decline in the last quarter of 2008. The unfolding global financial crisis had a major impact on the mining and minerals sectors, and this has inevitably had an effect on Mintek.

At the time of compiling this report, there were already some signs that the global commodity cycle may have begun to turn for the better, whether this is sustainable or not in the short term is debatable. However, it appears certain that the global economy will not return quickly to the same levels of growth experienced during the period 2005 to 2007, and the



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Chairman of the Board

full impact of the economic recession on Mintek's activities will only become apparent well into the 2009 financial year.

During the year, Mintek successfully retained its quality, environment, safety, and health ratings, and despite a few unfortunate incidents in the last quarter, the lost-time injuries remained below target. It is particularly pleasing to see a significant decrease in the staff turnover, which can mainly be attributed to the measures that Mintek has taken to stem the drain of scientific and engineering talent. However, attracting and retaining skilled staff remains one of the company's greatest priorities, and in this regard we will be looking closely at our bursary programme in the coming year.

MINTEK BOARD OF DIRECTORS 2008/09



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Chairman of the Board



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At a value of 15, the Client Dissatisfaction Frequency Rate (CDFR) remains above the allowable target of less than 10, although it is decreasing steadily.

Mineral commodities are required to support economic growth, and in expectation of an eventual recovery, it is important to evaluate Mintek's potential for future growth, in order to take steps to position the organisation to take advantage when the upturn occurs. At the same time, efforts must be redoubled to rein in costs and conserve resources.

The current low level of investment in Research and Development is one of the challenges facing South Africa's mining sector, and it will continue to be a particular challenge in the short term to maintain a balance between fundamental investigations and revenue-generating commercial projects. In this regard, Mintek is greatly encouraged by the Government's efforts to promote greater interaction between the public and private sectors to stimulate research, and Mintek is committed to play a part in this initiative.

In conclusion, I wish to thank the Board of Mintek, the Management team, and all staff for their support during the year. Although a difficult period lies ahead, I have every confidence that Mintek is able to weather this. Mintek has an increasingly important role to play in developing technologies to boost the competitiveness of South Africa's mining sector, supporting beneficiation projects that can enhance the value of our exports and create sustainable jobs, and making an impact on growth and development in a sustainable manner in areas that matter to all the people of South Africa.

Mr Harold Motaung
Chairman of the Board.