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Why investor confidence depends on a mine's relationship with its host community

Every miner knows the importance of breaking new ground. The real test of a project's future is not found solely in the resource model. It lies in whether the people living alongside the mine feel as if they are part of its progress.

Across mining regions, a single theme is increasingly evident. The projects that remain stable, cost-effective, and bankable over time are those in which the communities can point to tangible, visible benefits linked to a mine's presence. As expectations rise and scrutiny intensifies, the industry is moving from making commitments to demonstrating outcomes. Ahead of Mining Indaba 2026, investors are paying closer attention to which operations can demonstrate how they strengthen communities that extend beyond the life of mines.

In practice, a social licence to operate is the level of trust and acceptance a mine earns from the people around it, often reflected through tacit approval rather than formal agreements.

Its absence carries real consequences. Companies that overlook social licence in early study phases or delay engagement with community and environmental groups expose themselves to the risk

of objections, legal challenges, and delays to first production. These risks are amplified by geopolitical pressure, unemployment and inequality, and ongoing shifts in mining codes across countries such as South Africa, Botswana, Burkina Faso, Zambia, and Mali.

Within this context, while many mining projects claim they will create jobs, support local businesses, and uplift surrounding areas, what matters is evidence.

That begins with setting baselines before a project starts or, for existing operations, as early as possible. These baselines work best when co-created and shaped in collaboration with communities, reflecting their priorities and keeping measures aligned with what the mine can realistically deliver. When communities help determine what should be tracked, shared accountability becomes clearer and misalignment later in the project cycle is less likely.

Economic indicators remain the clearest markers of opportunity.

They include local employment, procurement from nearby suppliers, workforce development, participation in training programmes, and income trends in the host area. Alongside these are qualitative indicators such as access to education, health services, water, energy, and transport, as well as perceptions of fairness, safety, and well-being. Companies already report some of this data,

and in many cases, it is verified through transparent formats backed by independent assessments. When third parties validate the numbers, the discussion moves from intention to proof. In contrast with the direct impacts, it is typically a more challenging task to accurately measure the broader positive externalities that are derived from the mining project's contributions to the communities it operates in.

Signals of long-term stability are not always immediate. For lenders, operations that run year after year without interruption often show steady, constructive relationships with host communities. This is visible in low levels of unrest, the absence of unexpected stoppages, and community representatives indicating that a mine is adding value. Equally important is a company's track record of meeting its commitments. When promises are kept, reputations strengthen, and the operating environment settles. When they slip, even technically low-complexity projects become riskier.

These signals matter because community prosperity shapes commercial confidence.

Expectations can be high where mines are the cornerstone of local community economies, and tensions emerge quickly when trust weakens. If benefits do not reach the people living closest to the operation, the risks of permitting, day-to-day operations, and revenue stability

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increase. Disputes, protests, security interventions, and rising legal costs place pressure on cash flow and timelines. For lenders who assess downside risk more than upside potential, these pressures can outweigh strong geology or long reserves. Operations that maintain social stability tend to show the predictability investors value.

The strongest examples often go beyond what is required in community development agreements or social and labour plans.

They prioritise accessible communication with community representatives, demonstrate accountability and commit resources to initiatives that create visible, practical benefits. These include local infrastructure, education, health support, skills development and meaningful economic participation. Mining companies also recognise that no single operator can meet all expectations on its own. Progress relies on local government, lenders, civil society and other partners working alongside the mine.

As the energy transition accelerates, mining is judged less by the tonnes extracted and more by the lives

improved. Success cannot be reduced to compliance checklists or community spend. It must be defined jointly with communities and measured against outcomes that matter to them, from access to opportunity to long-term economic prospects. When these measures are aligned and tracked consistently, they provide a sense of whether a mine is delivering benefits that last beyond its operating life.

In many ways, the strength of a project hinges on how well its relationships hold over time.

Communities are not separate from the operation. Their support, or lack thereof, affects whether a mine can run predictably and manage costs through different phases of the cycle. The focus now is on demonstrating, in practice, that commitments made at the start are being met.

When mining companies and communities agree on what progress should look like, and when those measures can be tracked and discussed openly, it becomes easier to see whether a mining project has the foundations to operate responsibly and reliably over the long term.

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The 2026 edition of Mining Indaba, Africa's premier mining investment conference, takes place in Cape Town from 9 to 12 February 2026.

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