

MEDIA STATEMENT

MINERALS COUNCIL NOTES IMPROVED SOUTH AFRICAN PERFORMANCE IN FRASER INSTITUTE RANKINGS

Johannesburg, 5 March 2019. The Minerals Council notes the publication by the Fraser Institute of its 2018 survey of mining companies in which South Africa fares better than it has done in recent years. The annual survey has come to be seen as an important indicator of investor perceptions of mining jurisdictions' geological and regulatory standing.

In the critical Policy Perception Index (PPI), which measures overall policy attractiveness, South Africa was ranked in 56th position out of 83 jurisdictions for which adequate feedback was received, compared with 81st out of 91 a year ago. This is a 27-place improvement.

The overall Investment Attractiveness Index, which combines the PPI with a jurisdiction's geological attractiveness (where SA naturally fares rather well), places SA at 43 out of 83, compared with 48 of 91 in 2017.

This significant improvement from being close to the bottom decile of the PPI league table to about two-thirds of the way down can, we believe, be attributed to the early impacts of the shift of political leadership of the country and of the industry in 2018 of President Cyril Ramaphosa and Mineral Resources Minister Gwede Mantashe. The strong stance taken by the industry through the Minerals Council towards engaging robustly and constructively, and in fighting unethical leadership and bad policy has also helped shift the dial.

Minister Mantashe's management and consultative style in respect of the development of the new Mining Charter and the amendments to the MPRDA provides practical evidence of what the change in departmental leadership means to investors.

However, the Minerals Council believes there remains significant scope for further improvement in SA's ranking in future years. We believe it important for SA to reach the top quartile of these rankings for the country's mining industry fully to achieve its potential.

In analysing the detail of the components of the PPI table, further improvement in SA's ranking is currently held back particularly by perceptions related to:

- Regulatory uncertainty, which has still not been fully remedied by the efforts of the past year;
- Land issues. We cannot be surprised at this given the continuing uncertainty related to the proposed constitutional amendments;



- Community development issues. Government service delivery remains a cause of community dissatisfaction. The industry too is seeking to improve outcomes of the extensive social and labour plan investments and its corporate social investment programmes;
- Labour stability is the area in which SA fares worst, and events like the proposed sympathy strike against Sibanye-Stillwater help explain why this is the case;
- There are concerns about political stability, though hopefully the May election could help to remedy these.

South Africa fares better in respect of legal tax and infrastructural issues, though there remains room for improvement in these spheres too.

The Minerals Council remains committed to working with government, and Minister Mantashe in particular, towards achieving a top quartile ranking over the next few years. It is our strong belief that collaborative and constructive leadership partnerships can help create a much more conducive investment environment to spur on exploration and mining and to enable the country to realise the true economic and transformational potential of mining.

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