MINING IN SA TODAY:

What’s happening economically and how is this impacting the mining industry?

Panel Chair: Roger Baxter, CEO, Minerals Council South Africa
Joburg Indaba - October 2019
## Mining matters to South Africa

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Notes/Details</th>
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<tbody>
<tr>
<td><strong>Direct contribution of mining to GDP:</strong></td>
<td><strong>R350.8bn</strong></td>
<td>(7%)</td>
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<tr>
<td><strong>Direct contribution fixed investment:</strong></td>
<td><strong>R91.1bn</strong></td>
<td>15% of total private sector investment</td>
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<td><strong>Total primary mineral sales:</strong></td>
<td><strong>R498.7bn</strong></td>
<td>66% exported sales, 27% of SA’s total exports</td>
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<td><strong>Royalties paid:</strong></td>
<td><strong>R7.6bn</strong></td>
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<td><strong>Taxes paid:</strong></td>
<td><strong>R22.0bn</strong></td>
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<tr>
<td><strong>Direct employment created by mining:</strong></td>
<td><strong>456,000</strong></td>
<td>people employed</td>
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<tr>
<td><strong>Indirect employment created by mining:</strong></td>
<td></td>
<td>For every job in mining at least 2 more jobs are created up and downstream</td>
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<tr>
<td><strong>Economic dependency:</strong></td>
<td></td>
<td>Each mining employee supports 5 to 10 dependants</td>
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<tr>
<td><strong>Remuneration to mining employees:</strong></td>
<td><strong>R134bn</strong></td>
<td></td>
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<tr>
<td><strong>PAYE paid by employees:</strong></td>
<td><strong>R21bn</strong></td>
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A sector emerging from serious headwinds

1. **Policy and regulatory uncertainty**
   - Disastrous 2016 Zwane Charter
   - Problematic 2012 MPRDA amendment bill
   - Continued challenges on environmental and mining licensing
   - New carbon tax with no regulations on offsets (budgets, offsets)

2. **Infrastructure challenges**
   - Challenges on electricity supply and rising prices (523% increase in 10 years)
   - Challenges on availability of rail, and rapidly escalating rail costs

3. **Community and employment relations instability**
   - Community protests and disruption to mining
   - Strike activity

4. **Crime and illegal mining’s impact on the sector**
   - Huge economic cost to mines and country

Economic and transformational cost of ‘getting it wrong’ is huge
Despite challenges, economic and transformational potential of mining is huge

If we get back into the top 25% of investment destinations we could grow investment 85%
Mining's competitiveness improved while national competitiveness deteriorated or stagnated

Global competitiveness in 2018
67th out of 140 jurisdictions
(61st out 138 in 2017)
World Economic Forum
Global Competitiveness Index

Ease of doing business in SA in 2018
82nd out of 190 jurisdictions
(82nd out of 190 in 2017)
World Bank Ease of Doing Business Index

Mining's investment attractiveness in 2018
43rd out of 83 jurisdictions
(48th out of 91 in 2017)
Fraser Institute Annual Survey of Mining Companies Investment Attractiveness Index
Mining investment has only just stabilised

The long-term trend in mining production is at the 2000 level
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