



CHAMBER OF MINES OF SOUTH AFRICA

Putting South Africa First



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FOR IMMEDIATE RELEASE

TO ALL MEDIA

14 MAY 2015

MEDIA STATEMENT

The Chamber of Mines and its members are fully committed to the growth and transformation of the South African mining industry. Despite turbulent global conditions, the South African mining industry (specifically Chamber members), has made significant progress on all elements of the Mining Charter – including meeting and exceeding the ownership target. The Chamber and its members are committed to building the mining industry and helping to achieve the strategic objectives of the National Development Plan.

The MIGDETT Principals were called at late notice to a meeting at the DMR in Pretoria on 14 May 2015, to consider, inter alia, the DMR's Mining Charter audit process, the viability challenges facing large parts of the mining sector and the relevant potential job losses and the Project Phakisa process.

At the last MIGDETT meeting held on 31 March 2015, the Minister announced that the parties had agreed to jointly approach the courts for a declaratory order to clear up differences of interpretation on the ownership element of the Mining Charter. In the interim the parties also agreed not to release the DMR's ownership data pending the outcome of the declaratory order process. The Chamber itself committed not to release its ownership data, compiled by independent credible external companies, to remain faithful to the agreed declaratory order process. The legal teams of both the DMR and Chamber have been meeting to progress the declaratory order process.

At the urgent MIGDETT Principals meeting on 14 May 2015 the DMR and stakeholders has insisted on releasing the findings of their DMR Mining Charter report, including the ownership section. This is contrary to the agreement reached in the last MIGDETT meeting on the non-release of ownership data. The results presented by the DMR show both simple and employment weighted averages. The DMR has emphasized Mining Charter definitional interpretations, such as the meaningful economic participation of historically disadvantaged South Africans, which undermine the measurement of the progress made. The Chamber and its members do not agree with this DMR interpretation, which suggests that only 20% (on a weighted basis) of mining right holders have met the definition in terms of meaningful economic participation.

COUNCIL OF THE CHAMBER: M Teke (President), Ms KT Kweyama (Vice President), G Briggs (Vice President),

A Bam, R Baxter, M Cutifani, P Dunne, J Evans, N Froneman, T Goodlace, C Griffith, G Heale, N Holland, MJ Houston, B Magara, N Mbazima, T Mkhwanazi, X Mkhwanazi(Dr), D Matlou, R Moodley, M Mothoa, SA Nkosi, M O'Hare, B Petersen, S Phiri, N Pienaar, N Pretorius, A Sangqu, MP Schmidt, PW Steenkamp, S Venkatakrishnan.

Nevertheless, on the basis of the DMR releasing its report – we have no option but to make sure that the correct facts, based on our interpretation are on the table. Based on independently completed research covering 85% of the value of the mining sector, (work completed by Rand Merchant Bank, and audit firm SizweGobodoNtsaluba with the Chamber), the mining sector has achieved a weighted ownership target of 38.5%, which significantly exceeds the 26% targeted level and demonstrated meaningful economic participation by HDSAs.

We note the differences in the DMR report which seeks to cast the industry as not having met its obligations. The DMR states that 90% of the companies achieved the 26% target on an employment weighted basis with an average of 32.5% HDSA ownership. However, the DMR in its own interpretation of meaningful economic participation is now of the view that mining companies have to not only do narrow based empowerment transactions, but have to also include community and employee ownership schemes, which they say on a weighted basis that only 20% of the transactions comply. The Chamber does not share this interpretation and is firmly of the view that 100% of Chamber members have achieved the 26% ownership target. These interpretational differences is the reason why a declaratory order process is necessary (and was agreed between the stakeholders) in order to provide certainty on the matter. This in addition to the continuing consequences limitation.

On the challenges facing the mining sector the stakeholders briefly discussed the viability risks facing the gold, platinum and coal sectors, and the potential job losses in these sectors. The stakeholders discussed the matter and agreed that all legal processes should be followed by companies. The Chamber did not agree to any MIGDETT task team regarding job losses. The Chamber urges all stakeholders to play their role in managing the viability crisis, to reduce cost pressures and to manage the viability challenges the sector is facing.

The Chamber states unequivocally that it is unhappy with the rushed MIGDETT process on the DMR's Mining Charter Progress report. The Chamber has not been given the opportunity to properly interrogate the DMR's Progress Report and has not even been given a copy of the report. The MIGDETT process has been rushed and does not adequately cover the key principles of fairness, transparency and effective stakeholder engagement, which are the traditional hallmarks of the MIGDETT process. What the Chamber has seen is a truncated presentation – and this was also not shared with the Chamber in electronic or hard copy format

It is important to highlight that the Chamber will continue to engage government on all issues that are inhibiting the growth and transformation of the mining sector. However, for the government to be shifting the goal posts mid-stream and for stakeholders to continue to incorrectly accuse the industry of non-compliance is both damaging to trust and investment in the mining sector.

The Chamber will be holding a media conference tomorrow, 15 May at 11h00, Johannesburg Country Club, Auckland Park on 15 May 2015.

Kindly confirm your attendance by emailing your full name and media house to communications@chamberofmines.org.za. For enquiries contact Zingaphi Matanzima on 082 766 3940

ENDS

Issued by: Mike Teke, President of the Chamber of Mines of South Africa

