

Press Release



Unit for Risk Analysis

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The Unit for Risk Analysis was established under the South African Institute of Race Relations

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URA cautions South Africa's Government on Lonmin rights snatch

The Unit for Risk Analysis (URA) at the South African Institute for Race Relations has warned that the Department of Minerals and Energy was damaging the reputation of South Africa as an investment destination. The warning came after the Department of Mineral Resources (DMR) last night issued a letter to Lonmin ordering the mining company to cease selling non-platinum metals extracted from its mines with immediate effect. Non-platinum metals are extracted in the same process as extracting 'platinum group metals' and contribute significant revenue to platinum miners.

Media reports suggest that the letter may be closely linked to a mining rights bid by a company called HolGoun. HolGoun has been awarded a prospecting right on property owned by Lonmin. According to reports in *Business Day*, HolGoun is closely linked to the African National Congress and to a former director general of public enterprises.

The URA's Frans Cronje said that the order appeared to have many similarities to the recent Kumba/Imperial Crown Trading rights debacle, which also saw a start up mining company closely linked to the ANC snatch a prospecting right from under the nose of an established mining company.

Cronje said that mining companies and other industrial investors could not be expected to commit new fixed investment to South Africa if they were not certain that they would enjoy business rights for long enough to see a return on their investment. Cronje urged South Africa's Government to "read how this latest infringement is reported in the *Financial Times* in London this morning and understand the great damage that is being caused to investor sentiment on our country. Attracting increased levels of fixed foreign investment is absolutely critical if South Africa is going to have any chance of assuming the growth rates necessary to make sufficient inroads into levels of poverty and unemployment. The letter that the DMR issued last night will directly compromise the ability of our country to reach those growth levels".