

By Jupiter, massive float highlights South African confidence

The buoyant reception that ASX investors have given Jupiter Mines in its massive float is the latest sign of improved foreign confidence in South Africa's mining industry.

The company raised \$240 million in what the Financial Review said was the biggest mining initial public offering since 2010. The company ended the first day valued at \$780 million and then jumped 5% the next day.

Foreign confidence in South Africa's mining industry has been on the uptick since former business leader Cyril Ramaphosa became South Africa's new president in February. It was boosted again with the subsequent appointment of Gwede Mantashe, African National Congress (ANC) chairman, as Mining Minister. Mr Mantashe comes from a mining background, having worked in the mining industry in various capacities, such as serving on the board of chrome ore miner and processor Samancor.

Jupiter's return to the ASX comes four years after it was delisted during a period of weak commodity prices that put pressure on the company's share price. Jupiter's main asset is a 49.9% beneficial interest in the Tshipi open-pit manganese mine in the Northern Cape region of South Africa. It also owns two iron ore projects in the Yilgarn region of Western Australia.

Tshipi, which began production in 2012, is the largest single manganese mine in South Africa – which accounts for about 40% of the world's manganese production – and one of the five largest manganese exporters globally. According to Jupiter, Tshipi is one of the world's longest-life and lowest-cost manganese producers. The mine's life is projected to 2047 based on ore reserves of 86.4 million tonnes and resources of 459.5 million tonnes. In the 2018 financial year, Tshipi produced 3.64 million tonnes of manganese and sold 3.34 million tonnes.

Management always planned to return Jupiter to the ASX screens following the completion of the Tshipi mine, the company says.

Having one of the country's largest mining operations return to the stock market – albeit in Australia – has boosted the confidence of the South African mining industry. The company's IPO was heavily oversubscribed, indicating that investors bought both the commodity story and the country story.

That is a fillip to the South African mining industry, which has seen investment slow to a trickle in recent years on concerns a new Mining Charter would preference black owners at the expense of existing investors.

But Mr Ramaphosa and Mr Mantashe appear ready to balance the concerns of mining companies with those of investors, workers and mining communities as the government moves to deliver business-friendly policies while meeting pent-up demand for social and economic justice.

Although these remain highly sensitive issues, there are signs already of an improved mood in the country's business community: business confidence, as measured by the RMB/BER business confidence index calculated by Rand Merchant Bank and the Stellenbosch-based Bureau for Economic Research rose by 11 points to 45 points in the first quarter of 2018. That is the index's highest level since the start of 2015 and its biggest quarterly surge since the first quarter of 2012.

We are heartened by these recent turns for the better. Our work to redevelop our historic TGME project in Mpumalanga province is coming onstream as both investor confidence and business confidence is being renewed.

We are certain that our project can play its part in contributing to this improved mood as it ultimately generates earnings, jobs and tax receipts for South Africa.