

SA discount trade is 'absolute nonsense', Froneman says

According to Moneyweb, Neal Froneman, the designated CEO of Sibanye Gold - a company created by the unbundling of three of Gold Fields' maturing deep-level mines in South Africa - says there is no reason why the industry should not share the premium investment ratings enjoyed by peers in North America and Australia.

Froneman believes Sibanye Gold could be made attractive as both a dividend-paying investment vehicle and a medium for growth through consolidation in the local industry.

"I think the issue that South Africa has to trade at a discount is absolute nonsense," Froneman says. He rejects the notion that even the higher cost base of South Africa's operations - aside from labour instability and perceived political risk - necessarily imply lower margins for the industry, and therefore lower comparative ratings. "But you have to list in a jurisdiction that will [give your assets premium investment ratings similar to America and Australia's]. That jurisdiction, in my mind, is Hong Kong."

"What is clear is that the market finds it very difficult to finance long-lead and higher-risk mining projects. That is where there's a need for a mining finance house, as they were in the past, to be able to fund these projects," Froneman tells Moneyweb.

Read the [full article](http://www.moneyweb.co.za) on www.moneyweb.co.za.

For more, visit: <https://www.bizcommunity.com>