

STATEMENT ISSUED ON BEHALF OF:

**AngloGold Ashanti | Gold Fields | Rand Uranium | Harmony Gold
Evander Gold Mine | Sibanye Gold | Village Main Reef**

collectively representing the gold producers who are represented in wage negotiations
by the **CHAMBER OF MINES**

GOLD EMPLOYERS TABLE OPENING OFFER OF 4%

Johannesburg, 15 July 2013: Wage negotiations between gold producers (AngloGold Ashanti, Evander Gold Mine, Gold Fields, Harmony Gold, Rand Uranium, Sibanye Gold and Village Main Reef) and unions (AMCU, NUM, Solidarity and UASA) continued today, with the gold producers tabling their opening offer in response to the unions' demands.

Dr Strydom and the employer representatives shared with the unions the factors that mining companies have had to take into consideration when deciding on the offer they are able to table including: the declining gold price, spiralling costs, falling gold production and productivity. Labour costs currently constitute between 50 and 55% of gold producers' total costs. A supplementary information document providing this background is available at www.goldwageneegotiation.co.za, under the Resources tab.

The employers noted further that above-CPI increases were granted to employees in July 2012, as well as unscheduled increases granted in October 2012.

With this background, the employers have offered:

- a 4% increase on basic pay across the board; and
- a 4% increase in the living-out or housing allowance.

This offer will, in effect, raise the guaranteed pay of entry level underground employees for major gold producing companies to at least R8,900 per month, and entry level surface employees to at least R8,000 per month. This figure *includes* basic wage, living-out allowance, medical benefit and retirement contribution and *excludes* statutory benefits, other allowances, profit share, overtime and bonuses.

The anticipated effect of this offer will be to increase the annual payment to employees by gold employers by some R900 million to around R23 billion per annum.

Dr Strydom noted that wages received by employees in the gold sector compare favourably with wages and benefits in similar occupations in other labour-intensive industries.

Other primary responses to union demands include the following:

In respect of union demands for employee category roll-ups, the employers noted that roll-ups have already been entertained on a number of occasions in previous years, and most recently in late 2012. Gold producers are not in a position to contemplate any further roll-ups as these would:

- have significant and unaffordable cost implications;
- have a further negative impact on job organisational structures;
- undermine the industry's ability to create and sustain jobs, compromising the companies' ability to bring in employees at entry level; and
- undermine the recognition of skills among higher level employees, causing employee discontent.

In respect of Rock Drill Operators (RDOs), special deals were concluded in 2003 and 2007, resulting in a higher category group being established (category five plus). In addition, all RDOs received either an increase or allowance over and above the wage increases granted to all Category 4-8 employees in October 2012.

In respect of additional leave demands, the gold producers already provide for family responsibility leave, ordinary leave, sick leave and maternity leave that are generous and far exceed the statutory leave prescribed by the Basic Conditions of Employment Act and provided by other sectors of the economy.

The gold producers share the unions' concerns regarding the impact on employees of reckless lending and garnishee orders. The Chamber of Mines has established a task team to investigate this matter, and has proposed the establishment of a joint task team with organised labour so that we can develop joint solutions and investigate and address:

- the extent of the problem
- the legality of judgements and garnishee orders
- internal reforms regarding automatic payroll deductions in line with the Framework Agreement for a Sustainable Industry signed on 3 July 2013
- employee financial education and debt counselling and
- recommendations on legislative amendments.

Dr Strydom noted: "It is clear that the gold mining industry is facing significant challenges. How will we overcome this? It is going to require good faith negotiations and a preparedness to give and take. It is going to require us to work together to find the balance between what the companies can afford and what employees need. This is our collective responsibility."

As the focus of today's meeting was the tabling of the employers' offer, the proposed 'house rules' have not yet been finalised. All parties remain committed to completing this document prior to the beginning of wage negotiations.

Negotiations are expected to recommence on Wednesday, 24 July.

Queries:

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