

PRESENTATION BY THE EMPLOYERS TO UNIONS

18 July 2018



THE GOLD MINING INDUSTRY

The gold mining industry has played an important role in South Africa for over 100 years, and continues to play a valuable role today.

This is an industry that continues to make an important contribution in the lives of employees, communities and the country, through taxes and royalties, by providing jobs and benefits, education and training and by investing in social projects and infrastructure.

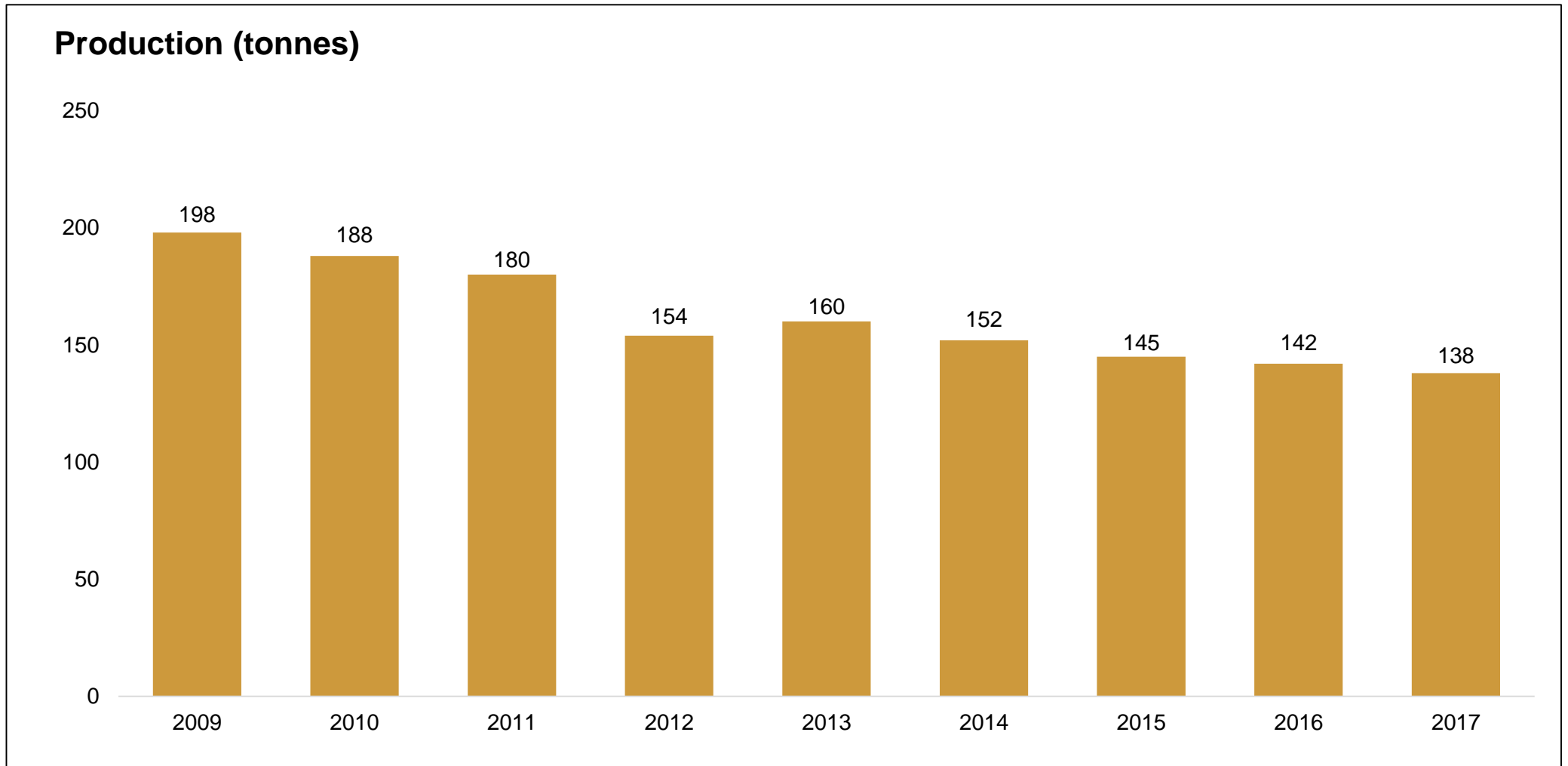
Gold mining matters to South Africa and its people. In 2017, the gold mining industry:



THE GOLD INDUSTRY FACES CHALLENGES

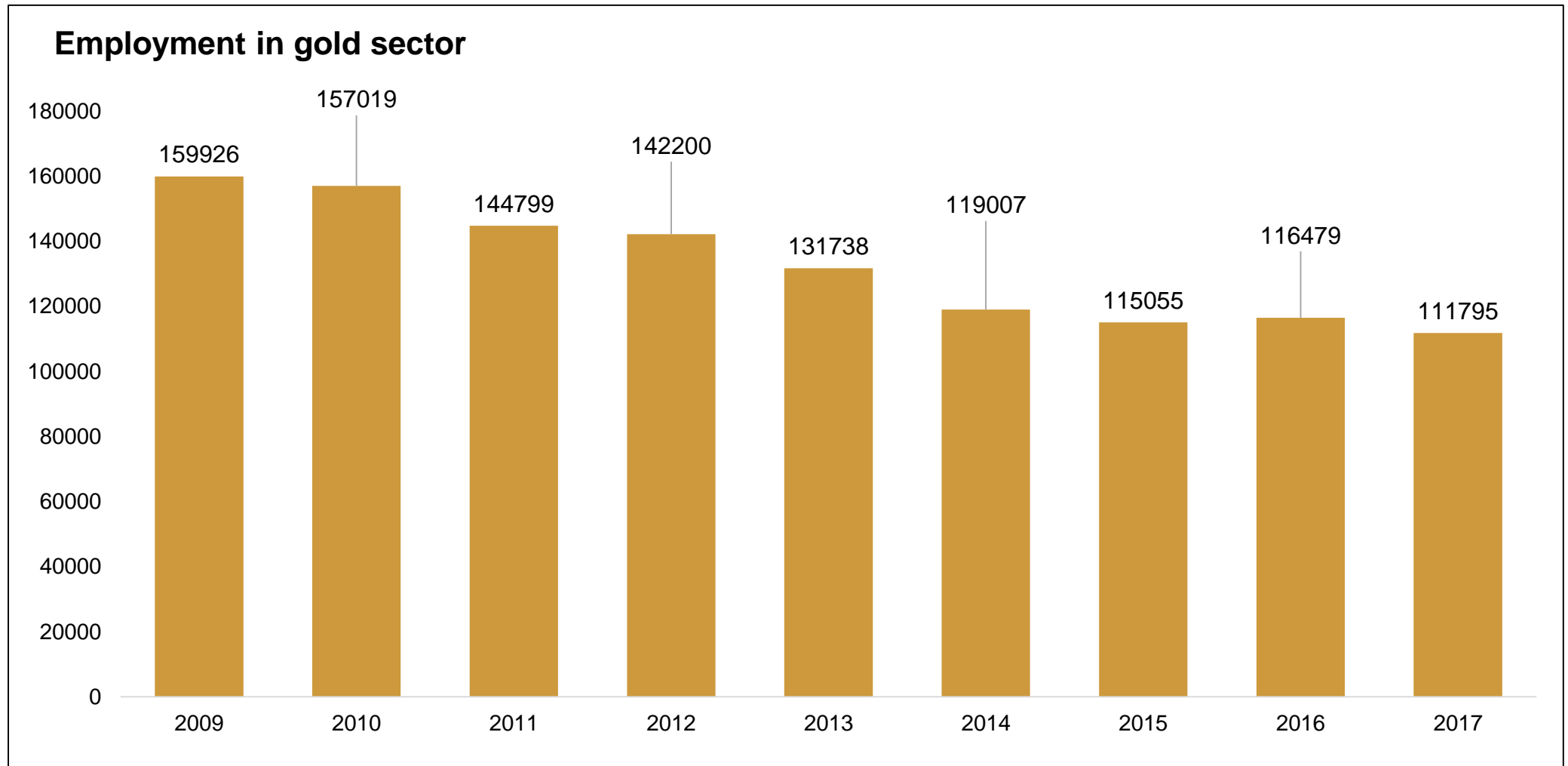
- Operational challenges such as increasing depth of operations, ageing infrastructure, greater distances to working areas, reduced flexibility and declining grades which have all contributed to a consistent **decline in production**. This has led to **job losses**.
- A **stagnant, volatile gold price and rand-dollar exchange rate** which affects long-term planning, investment and production.
- Continually **rising input costs**.
- Policy and regulatory uncertainty which continued to negatively impact investment confidence and has increased the **cost of capital**.

PRODUCTION



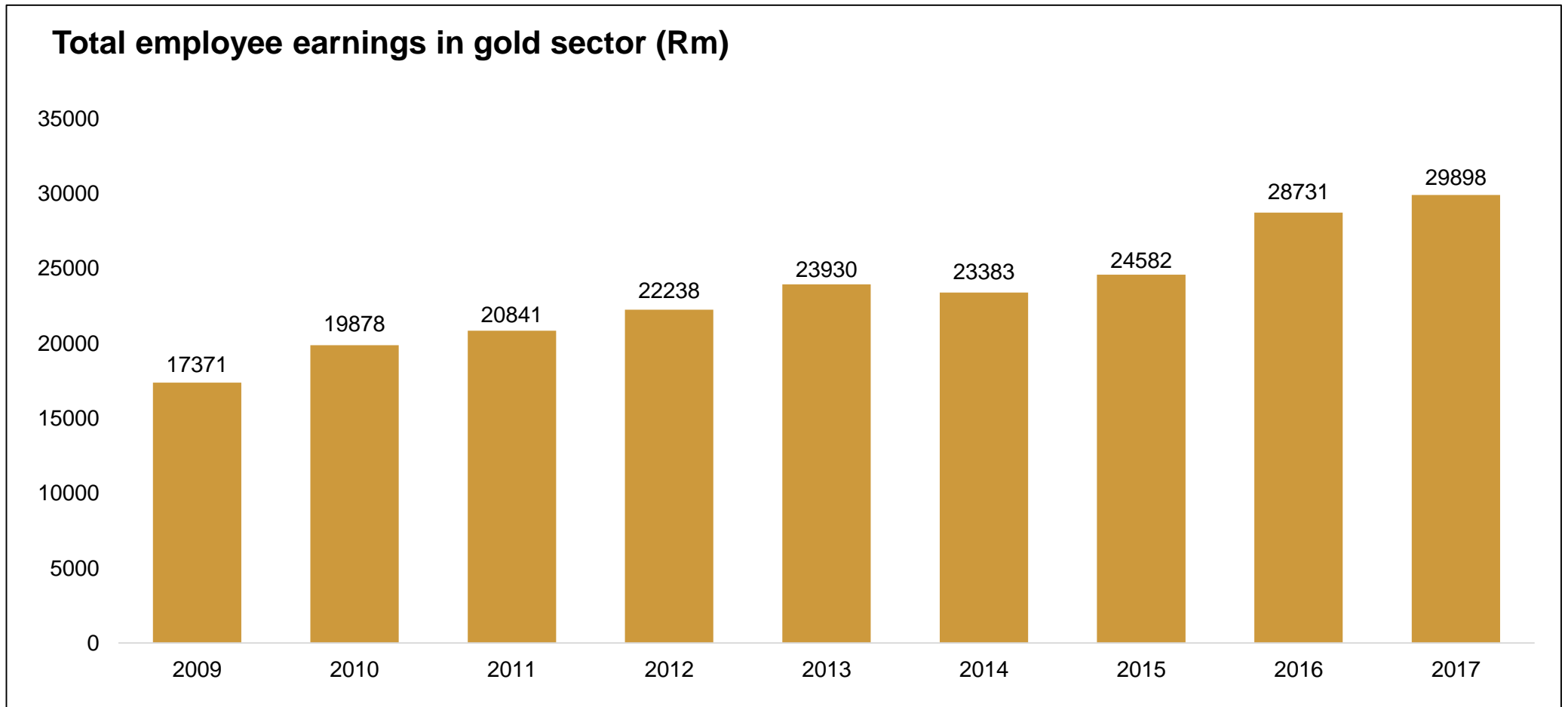
Source: Department of Mineral Resources, GFMS Thomson Reuters, Minerals Council

EMPLOYMENT



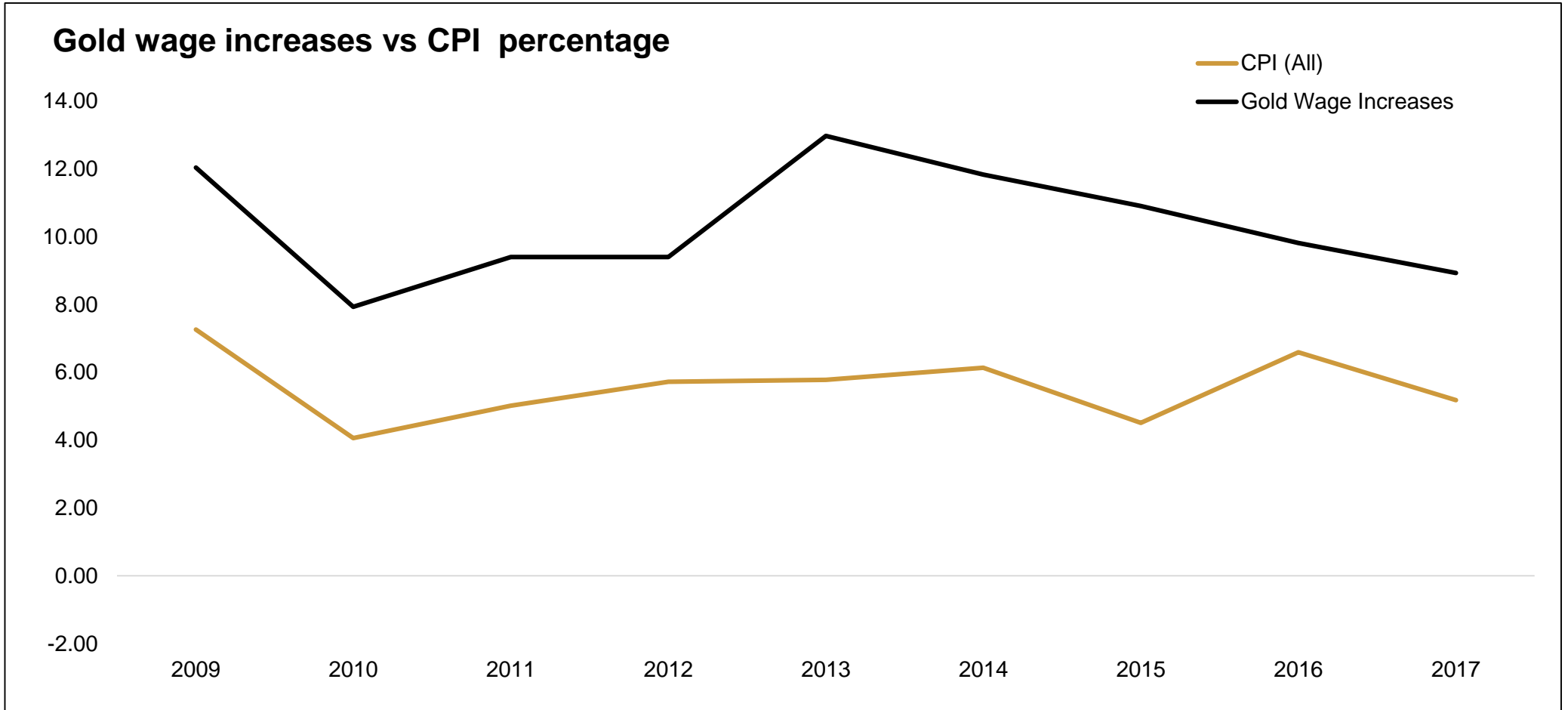
Source: Minerals Council

REMUNERATION



Source: StatsSA

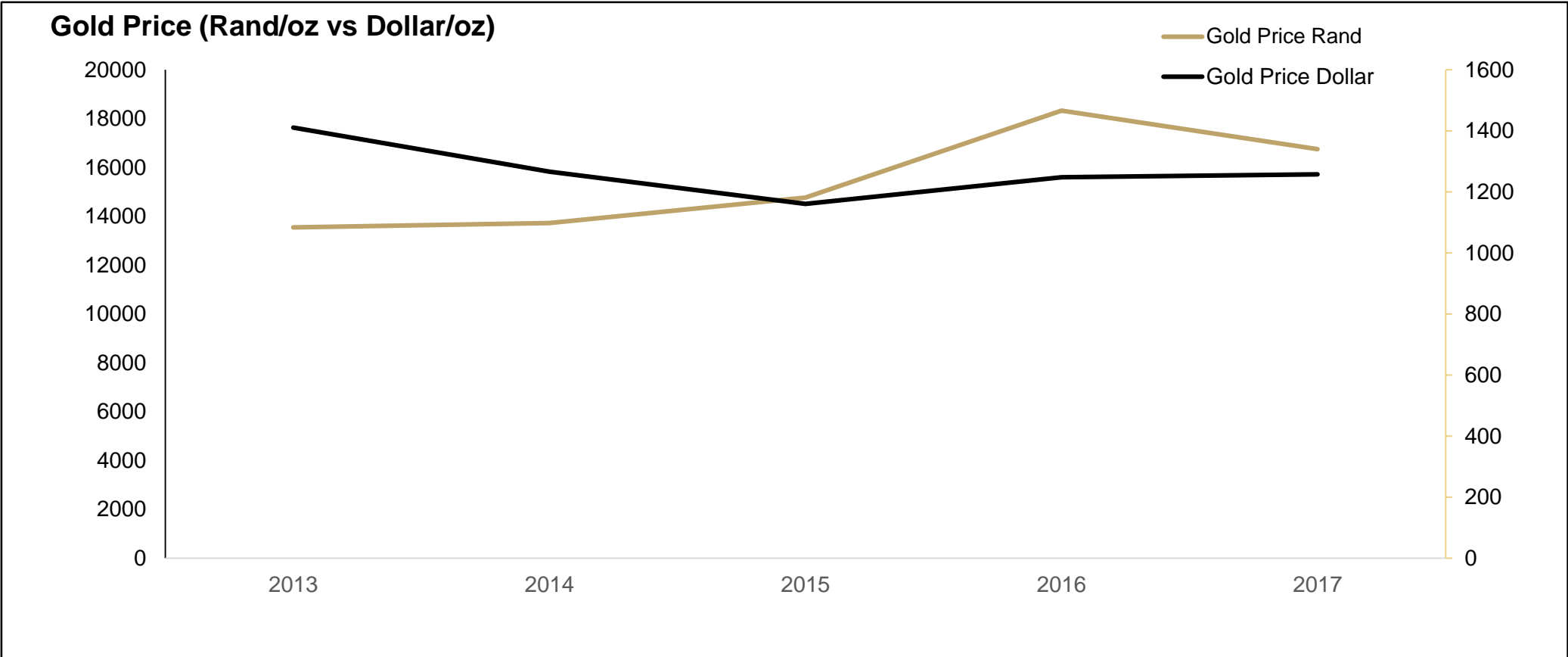
WAGE INCREASES ABOVE CPI



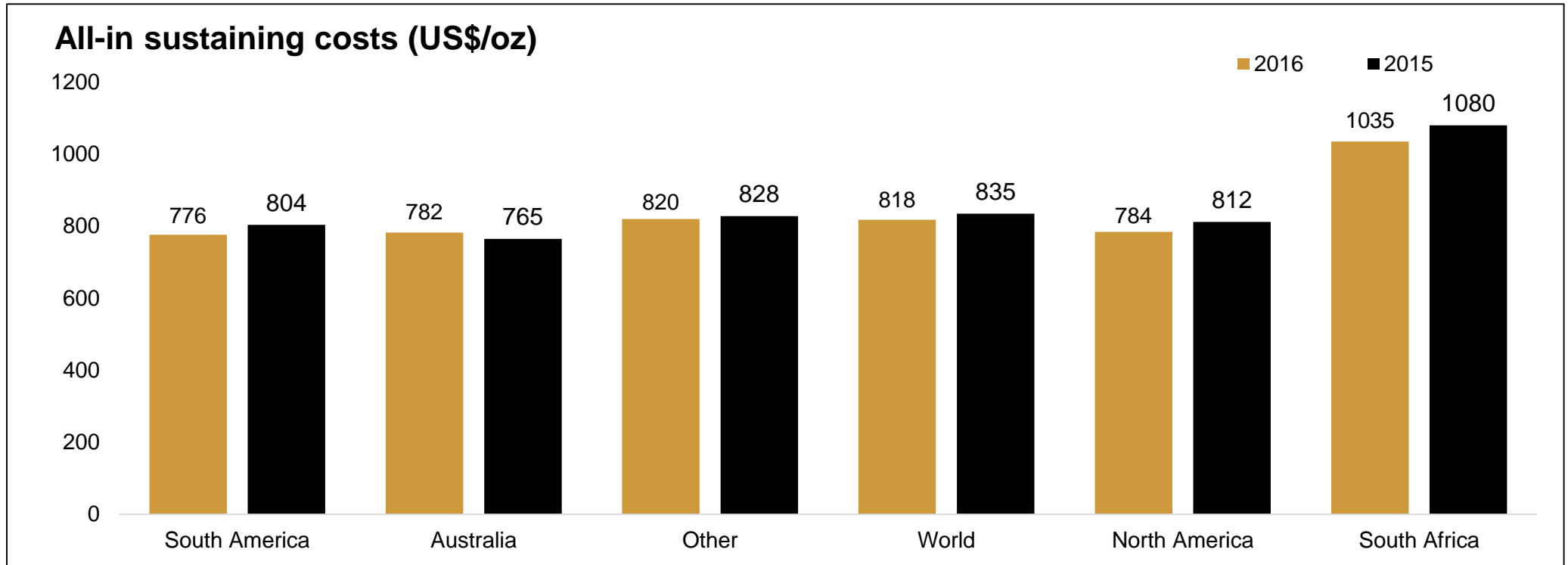
Source: Stats SA and Minerals Council

On average, gold wages have been 4 percentage points above CPI (10 year average)

WE ARE PRICE TAKERS



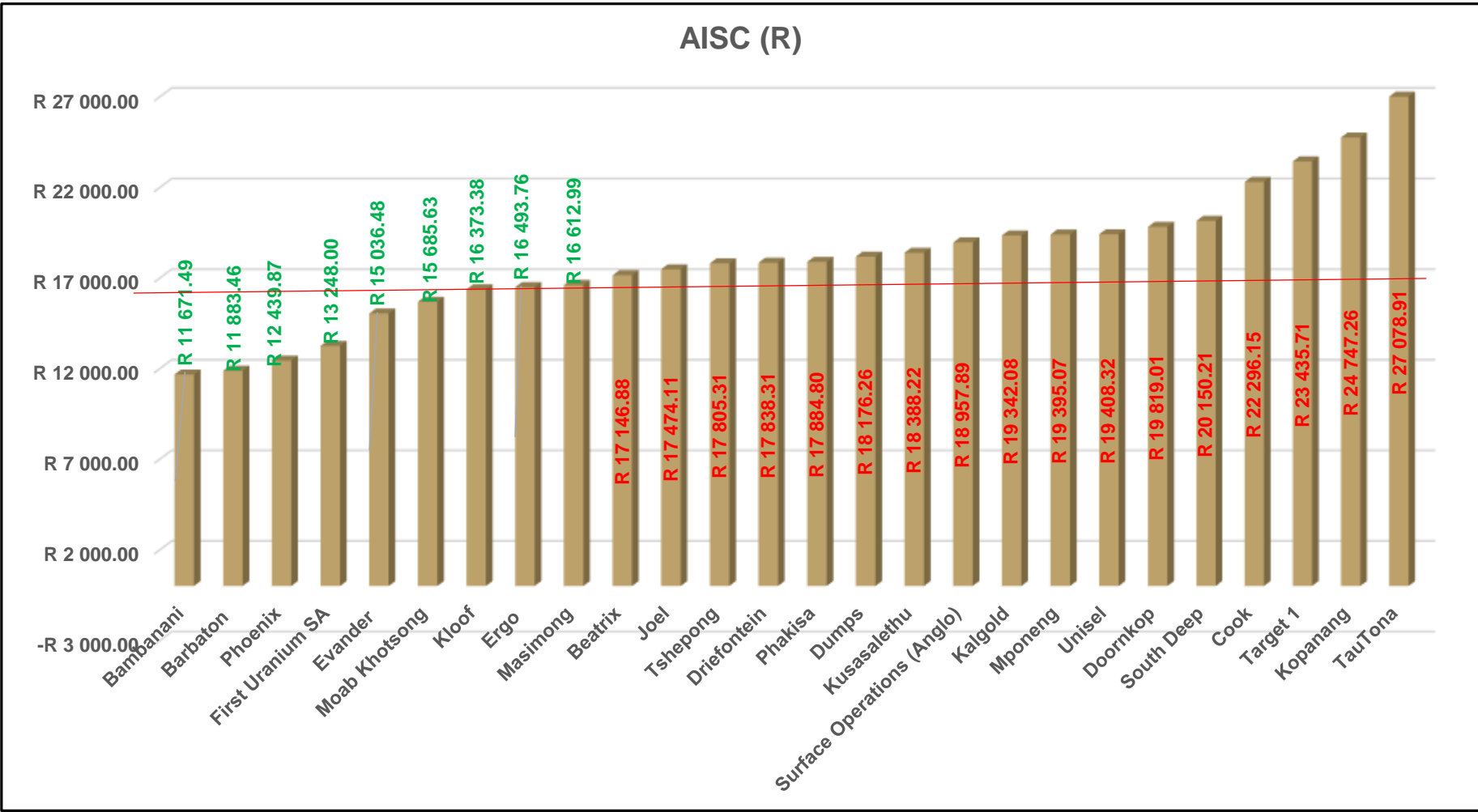
COSTS – SA MINES VS THE REST OF THE WORLD



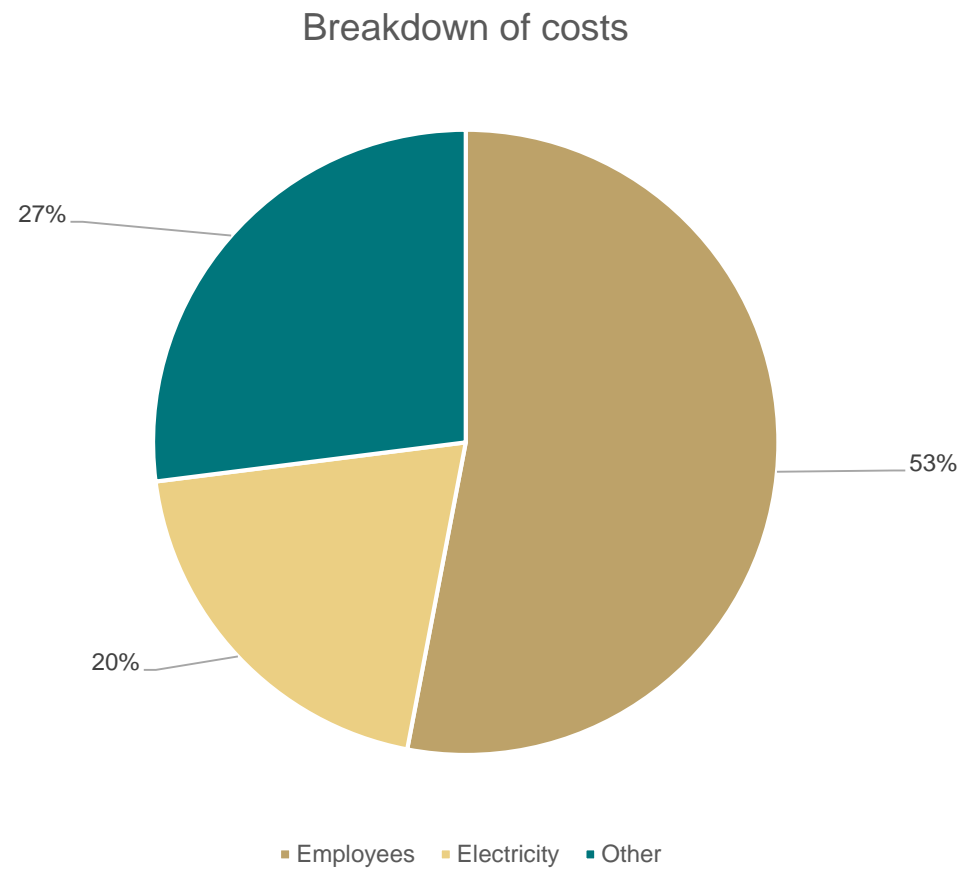
South Africa's gold mines are on average the most expensive in the world

SA average AISC at \$1 035/oz compared to global average AISC of \$818/oz

75% OF MINES ARE UNPROFITABLE OR MARGINAL



BREAKDOWN OF COSTS



COMPANIES WILL NOW PRESENT

