

Brief from Martin and Benford

07 September 2018

Proposed Restructuring at South Deep



Dear Colleagues

On 14 August 2018, we shared the proposed restructuring plan for South Deep. This initiative is one of many critical steps in the journey of securing the future of the mine in the short term and setting it up for future growth.

This brief is to briefly update you on the process. The first Section 189 consultation meeting took place on 4 September 2018, under the auspices of, and the facilitation of the Commission for Conciliation, Mediation and Arbitration (CCMA). Since then, on 5 and 6 September, further consultation meetings were held with the NUM and UASA respectively. The focus of these meetings were to share further information on the business reasons for the proposed restructuring. In terms of Section 189, we have 60 days from the date of issuing the Section 189 notice to conclude consultations. The 60-days started on 14 August 2018, and is expected to be finalised by 14 October 2018.

It is important to know and understand that what was presented to organised labour are proposals and these could change depending on the outcomes of consultations. The unions have been invited to submit their proposals in respect to how the mine could be turned around and thus minimise job losses.

The mine also attended a meeting with the Department of Mineral Resources, together with the NUM and UASA on Monday 3 September 2018. The main purpose of the meeting was to discuss the provisions of Section 52 of the Minerals Petroleum and Resource Development Act (MPRDA). Section 52 of the MPRDA requires the Company to notify the Minister when the downscaling of operations is going to result in the retrenchment for operational reasons, of more than 10% of the workforce or more than 500 people, whichever is the lesser. The company



safety



integrity



respect



responsibility



innovation



delivery

submitted its Section 52 notification to the Minister of the Department of Mineral Resources on 30 August 2018.

It should be noted that the Section 52 process, is a separate process from the Section 189 process, which falls under the Labour Relations Act. The MPRDA in fact provides for compliance with the Labour Relations Act.

- Section 189 makes it very clear that a company must issue a Section 189 notice as soon as retrenchments are being contemplated.
- While it has been suggested that the Section 189 process should be delayed until the Section 52 process is underway, these are separate processes and any delay in the section 189 process could potentially increase the number of jobs which are placed at risk.

South Deep is fully committed to participating in good faith in both processes as separate streams. We will be transparent at all times, and always operate in line with our values and with what the law requires. We understand that this is an uncertain time for all of us and our families.

You will hear more from us, and the rest of the management team, in the coming days and weeks. I also urge you to approach us or any member of the management team if you have questions and concerns regarding this process.



Martin Preece
EVP: South Africa



Benford Mokoatle
VP: South Deep



safety



integrity



respect



responsibility



innovation



delivery