

Anglo American Platinum announces resolution of the strike action associated with the restructuring of the business

Anglo American Platinum announced its proposals in January 2013 to create a sustainable, competitive and profitable platinum business for the long term benefit of all its stakeholders. The company had originally proposed that a total of up to 14,000 jobs would be affected in order to achieve those objectives, 13,000 of which would be in the Rustenburg area. It was always envisaged that the ultimate numbers of employees to be retrenched, after taking into account mitigation plans, would be significantly lower.

Subsequent to the announcement of that original proposal, Anglo American Platinum, the Department of Mineral Resources and recognised unions agreed to suspend the section 189 consultations to allow for a thorough process of engagement.

The extensive consultation process between the DMR, Anglo American Platinum and organised labour led to a revision of the original proposal, enabling the Company to still achieve its efficiency objectives while reducing significantly the number of mining and processing jobs affected to approximately 6,000, in addition to 900 corporate and overhead employees. This was followed by an extensive consultation process facilitated by the CCMA, which commenced on 10 June and was completed on 15 August 2013.

Anglo American Platinum, together with its stakeholders, identified a number of retrenchment avoidance measures in order to minimise the number of affected jobs. These measures include redeployment into vacancies across the group, voluntary severance packages and early retirement, and further reduced the number of employees that would ultimately be retrenched to approximately 3,300, as announced on 30 August 2013.

As part of the strike settlement, the 3,300 impacted employees who had previously not taken up the offer of redeployment, voluntary separation or early retirement, and were to be retrenched, have now been granted voluntary separation packages.

The company will retain approximately 1,250 of those 3,300 employees for a period of six months to undertake reclamation activities at the affected operations (Khuseleka 2 and Khomanani 1 & 2). During this period, these employees will be offered job opportunities that may become available as a result of ending the use of contract labour or vacancies created by natural attrition. At the end of the six month period, employees not placed in vacant positions will be exited with voluntary separation packages.

In addition, a further 328 job opportunities which are currently occupied by contractors will be reserved for permanent employees on termination of existing contracts.

As a result of these retrenchment avoidance measures, no employees will be retrenched.

The Company's review of the business was in response to its revised expectations for platinum demand growth and a number of structural challenges that have eroded profitability in recent years.

Anglo American Platinum's restructuring will address the objective of aligning the business with its expectation of long term demand and is an extension of the steps taken to reposition the business in recent years.

The revised proposals include:

- _Revising baseline production to 2.2 – 2.4 million ounces per annum in the short to medium term
- _Consolidating Rustenburg into three operating mines through the integration and optimisation of Khuseleka 2 and Khomanani 1 and 2 mines into the surrounding mines. This will result in a reduction of production capacity of approximately 250,000 ounces per annum in 2013 and by an additional approximately 100,000 ounces per annum in the medium term
- _Reducing overhead costs and improving efficiencies
- _Exploring opportunities for further joint venture business improvement and portfolio rationalisation

These proposals will lead to Rustenburg operations being reconfigured as a sustainable 320,000 – 350,000 ounces per annum platinum producer in the medium term. The cost of the restructuring remains within the forecasted range.

The legal strike action brought by AMCU, which commenced on Friday, 27 September 2013 in the Rustenburg and the North of the Pilanesburg operations, has ended after 11 working days. Operations in Rustenburg and the North of the Pilanesburg will resume operations after safe start procedures have been completed. Approximately 44,000 platinum ounces of production have been lost. Sales to the company's customers were not interrupted, due to the company's inventory position. Chris Griffith, CEO of Anglo American Platinum, said: "We have been working diligently with all our stakeholders to reach a shared objective of creating a competitive platinum business. We are pleased that the strike has ended, as this will provide us with an opportunity to implement the business proposals which will lead to ensuring that we achieve our goal of creating a sustainable and profitable business and minimise job losses. With this latest agreement, no retrenchments will be necessary after the redeployments and voluntary separation packages."

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