

SIMMERS & JACK
WINES LIMITED
BUFFELSFONTEIN

Buffelsfontein Gold Mines Limited

Reg. No. 1995/010072/06

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Solidarity
 United Association of South Africa
 South African Equity Workers Union
 National Union of Mineworkers

Attention:

J White	Operational Manager	UASA	(018) 462-8732
B Kennedy	President	SAEWA	(018) 468-3308
M Lourens	Regional Organiser	Solidarity	(018) 468-8533
J Montisetsi	Regional Secretary	NUM	(018) 464 1256

Notice of possible termination due to operational requirements Section 189

INVITATION TO CONSULT AND DISCLOSURE OF RELEVANT INFORMATION IN ACCORDANCE WITH SECTION 189 (3) OF THE LABOUR RELATIONS ACT, ACT 66 OF 1995

Due to unprecedented increases in the cost of materials required for mining and milling including the increase in electricity cost and the impact of production shifts lost due to section 54's, Buffelsfontein Gold Mine cannot achieve its production targets to stop the severe financial losses. The Company therefore may have to terminate the services of some employees through a restructuring process. Should this happen, the positions in the Company of some of your members may be affected.

No final decisions have yet been made. We wish to commence consultations with you with the view to either avoiding the need to retrench or alternatively, minimizing the number of employees to be retrenched, changing the timing of retrenchments and/or mitigating the adverse effects of retrenchments.

To facilitate a proper and effective consultation process, we set out hereunder the following information and/or proposals for your consideration.

1. Reasons for the perceived need to retrench and/or restructure

- 1.1 Notwithstanding the continuous various action plans to increase production and control costs, the losses incurred over the past few months are no longer sustainable.
- 1.2 The impact of production loss due to the Issuing of section 54's.
- 1.2 The consistent negative production and financial results of some of the Shafts.
- 1.3 Due to the inability of Buffelsfontein Gold Mine to continue suffering severe financial losses, it is no longer possible to finance Shafts or portions of Shafts which contribute to these severe losses.

Our prime objective remains the long-term viability and sustainability of Buffelsfontein Gold Mine. To achieve this, we need to take steps to ensure that the future of Buffelsfontein Gold Mine is not compromised by certain loss-making sections of the mine.

DIRECTORS: N SCHOEMAN, V O HOOPS, C A VERMEULEN, A AVIS

2. Alternatives considered

We have considered the following alternatives prior to proposing retrenchment.

- 2.1 Numerous meetings with Trade Unions and Associations to strategize a way forward for a turnaround strategy
- 2.2 Presentations to all unions and associations informing them of the situation on the mine with regard to margins and productivity and calling all employees to participate in the proposed turnaround strategy.
- 2.3 Implementation of ICU Crew monitoring in order to assist crews that are struggling to become more productive and efficient.
- 2.4 Labour Hire numbers have been reduced, to the absolute minimum.
- 2.5 A demand to all budget controllers to minimize and/or eliminate expenditure not directly linked to gold production.
- 2.6 Underground visits by Management, Trade Unions and Associations to identify areas where improvements in operations can be made and to encourage employees to actively participate in drawing up strategies for improvement.
- 2.7 Task Team Intervention to help with positive recommendations to enhance production and save costs
- 2.8 The appointment of dedicated employees to focus on development and opening up.

3. The number of employees and job categories likely to be affected

There will be approximately 865 jobs affected from all categories of employees. The bulk of these affected jobs will be at the 10 shaft complex

4. Proposed method of selecting employees to be retrenched

As per the existing retrenchment agreement and MOU.

5. Time when retrenchments are likely to take effect

We are considering 31 July 2010 as the possible date for termination to take effect in the event that it is decided to proceed with retrenchment after consulting with you.

6. Severance pay proposed

As per the existing retrenchment agreement and MOU.

7. Proposed assistance to be offered to *retrenchees*

The following are suggestions made as to how we might be able to assist employees in the event of retrenchment.

- 7.1 Portable skills training and counseling will be provided as requested.
- 7.2 Every employee will be provided with a letter of reference.
- 7.3 Every employee will be afforded reasonable time off to attend interviews to seek alternative employment.
- 7.4 Every employee will be assisted with the claiming of UIF benefits.
- 7.5 Every employee will be assisted in drawing up a CV should the employee request it

8. The possibility of re-employment

We will be willing to consider re-employment during the course of the next twelve (12) months if people are still unemployed and if matters have improved to the extent that the Company is considering the employment of someone to fill a position. Employees would be required to keep the Company informed of their whereabouts.

9. Number of employees

We employ a total of 4 567 (Four Thousand Five and Hundred Sixty Seven) employees including all Contractors.

10. Retrenchments during the past 12 months

We have retrenched One hundred and thirty (130) permanent employees, Two hundred and twenty two (222) Contractor employees and Five Hundred and sixty five (565) Labour Hire employees in the last twelve (12) months.

We propose a meeting with you on Monday 28 June 2010 at 09h00 the Committee Room at Buffelsfontein Gold Mine to proceed with the consultation process. Please consider our proposals and come to the meeting with your suggestions and representations as avoidance measures.

Should you require any additional information for meaningful consultation, please address this request to the Human Resources Manager in good time so that information can be supplied before the meeting if possible. We reserve the right to refuse to supply confidential or irrelevant information.

We commit ourselves to making the consultation process a joint problem solving exercise and look forward to your co-operation in this regard.

Yours In Health and Safety



**L P FOURIE
RELIEVING GENERAL MANAGER**

cc	Department of Labour	018 462 7751 / 018 462 8781
	Department of Minerals and Energy	018 487 9836 / 014 565 6424
	CCMA	018 462 4053
	Minerals and Mining Development Board	-
	National Union of Mine Workers – Mr F Baleni	086 608 5593
	UASA – Mr K Bezuidenhout	086 504 0868
	Solidarity – Mr A van der Merwe	012 684 6531