

## PRESS RELEASE

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### **Rand Uranium - Committed to Staff Welfare, Firm on Illegal Mining**

Illegal mining remains a serious problem in the South African gold mining industry. It poses a risk to the safety of employees (and the illegal miners themselves), undermines the sustainability of operations and threatens the livelihoods of employees and communities in mining areas. Rand Uranium considers it a priority to stop illegal mining to protect the safety and livelihoods of our employees, the operational sustainability of our business and the integrity of the South African mining industry.

### **Illegal Mining Continues to be a Problem**

When Rand Uranium took over the Cooke operations in December 2008, a serious illegal miner problem existed. Since then, Rand Uranium has undertaken extensive measures to deal with this problem, resulting in the arrest of approximately 650 illegal miners over the last year.

Not only do their irresponsible mining activities pose a risk to employees but at times the illegal miners have engaged employees violently. Shortly after the company took ownership of the Cooke underground mines at the end of 2008 one employee lost his life in an alleged encounter with illegal miners. Today, illegal mining remains evident at Cooke underground mines. Over the recent Christmas break a number of areas were severely damaged by illegal mining activities and certain areas were rendered unsafe for our employees to enter. It has taken nearly two weeks to fix these areas. Acts of vandalism have also been experienced in January 2010. Security personnel have been deployed underground to protect certain high risk areas.

### **Combating Illegal Mining**

Since December 2008, Rand Uranium has taken extensive measures, including capital investments, to combat this problem. These include the following:

- A complete revamp of the access control system to the underground operations culminating in the installation of a biometric access control system on all access points to shafts, costing in excess of R6m.

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- Stepping up of security operations around underground operations at a substantial additional cost of R200k per month.
- A complete ban on food being taken underground. The ban includes cold drinks but not water.

### **Banning Food Underground is an Essential Strategy**

Illegal miners are known to spend months at a time underground, and illegal trading in food underground is the one essential resource that sustains their illicit activities. With the support of organised labour, a complete ban on food being taken underground was instituted in December 2008 as a means to cut the lifeline of illegal mining.

To help alleviate any resulting concerns for our employees, Rand Uranium made alternative provisions and offers employees a meal before or after underground shifts. The company has engaged with organised labour and taken measures to deal with employees with medical conditions, for which the food ban is a problem. This has included re-deploying some 20 diabetic underground employees to jobs that do not require them to work underground.

Bans on food being taken underground have proven very successful in combating illegal mining activity, as it is the one resource essential to sustain those illegal miners known to spend months at a time underground. When Rand Uranium first implemented the food ban, very large numbers of illegal miners were arrested attempting to leave the mine soon thereafter.

### **Industrial Relations**

During the annual gold industry wage negotiations of June 2009, UASA requested a lifting of the ban on food. The parties agreed to engage outside the wage negotiations. The first such engagement occurred in December 2009, when the company indicated that given the ongoing problem with illegal mining it would be unable to lift the ban on food underground. The parties agreed to meet again to share ideas on how to deal with the challenges posed by the illegal mining and the food ban.

On 12/13 January 2010, 12 UASA members staged an illegal sit-in underground at the Cooke 2 shaft. This was resolved within a few hours and the company has instituted an internal process for addressing this illegal action. The company was in contact with the UASA on Friday the 15 January and the parties have agreed to meet again to share ideas on how else to combat the presence of illegal miners and the associated challenges including the food ban, in line with previous commitments.

We believe that a comprehensive solution that includes 1) continuing enhanced security operations 2) continued tightening of the access regime and 3) a food ban underground, is needed to effectively eliminate illegal mining.

We remain committed to a cooperative approach that includes consultation with labour unions, the authorities and our employees in resolving this problem. It is in the interests of all our employees that this problem is resolved.

Commenting, John Munro, CEO of Rand Uranium said: "Rand Uranium has made excellent progress in ensuring the overall safety of our workforce. This includes combating the dangerous, and destructive, practise of illegal mining. To date we have been very pleased with the support of organised labour. The food ban was introduced with the full support of all the unions. Provision has been made for all underground employees to have a meal immediately before or after each shift - and those employees with medical conditions that could be impacted by the ban have been found jobs above ground."

"Over the last year we have invested considerable resources in other preventative measures including improved access control systems and security operations. As recently as last week the company and UASA agreed to further meetings to share ideas on other measures that could be considered to help alleviate this problem and further protect our people."

**- Ends -**

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## **Notes to Editors**

### **Background**

Rand Uranium was created in December 2008. In the year since its inception the company has become well established, successfully taking on the three Cooke underground mines and the Cooke surface operation from Harmony, and has made very good progress on the development of its uranium business:

1. The gold mining operations are performing to expectation and in particular have delivered a strong safety performance in the year, with no fatal accidents being experienced
2. Cashflow from operations has been strong and the company has become financially secure (with approx R200m cash).



3. The company has successfully completed the feasibility studies for the new uranium plant, the associated infrastructure, and the expansion of the underground gold mining operations to recover uranium. The studies were completed on schedule during December 2009, and consolidation and integration is underway. (Details are due to be released in February 2010).

Rand Uranium is owned 60% by a consortium of private equity including Pamodzi Resource Fund, First Reserve Corporation and AMCI Capital, and 40% Harmony Gold Mining Company Ltd.