

Labour problems affect Gold Fields

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Gold Fields has warned that 110,000 ounces of lost production from three major South African mines will affect its performance for the final quarter. It says that unprotected strikes caused the significant drop in production levels.

The three mines, Kloof, Driefontein and Beatrix, were hit by unprotected strikes during the final quarter as part of industry-wide labour unrest that affected platinum, gold and iron ore mines.

Gold Fields last year said it was unbundling the three mines into a separately listed company called Sibanye, which would list on the JSE in February. Sibanye will be headed by gold mining veteran Neal Froneman.

There will be no cross holdings between Sibanye and Gold Fields, which retains its South Deep mine as its only South African operation.

Gold Fields' production for the December quarter was 753 000oz, down from the 811,000oz in the previous three months.

It produced 883,000oz in the December quarter of 2011.

South African production fell 27% to 282,000oz quarter-on-quarter because of the strikes at the Kloof Driefontein Complex (KDC) and Beatrix. South Deep did not have strikes.

In the September quarter, Gold Fields lost 35,000oz of gold to strikes at those mines.

"Unit costs in the SA region were negatively impacted by the lower production," Gold Fields said.

The loss in production in SA was offset by a strong operational performance by its international mines in Peru, Ghana and Australia, Gold Fields said.

The international mines pushed production up to 471,000oz in the December quarter, rising from 449,000oz a year earlier and 424,000oz in the previous quarter.

One of the outstanding mines was Tarkwa in Ghana where production increased by 11% to 187,800oz quarter-on-quarter.

Gold Fields is due to report its results in February.

AngloGold Ashanti had all seven of its mines closed during the strikes last year and Harmony Gold's Kusasalethu mine was also shut.

Harmony has kept the mine closed until it is confident there will be no more violence, murders or vandalism at the mine. It has served its 6,000 workers with a 60-day notice period and warned that the close at the mine could lead to job losses.

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