

SOUTH AFRICAN PRODUCTION IN 2012

2012 saw exceptional disruption to platinum mining in South Africa. At least 750,000 oz of production was lost to strikes, safety stoppages, and mine closures.

All three major producers saw the shutdown of their main production sites on the western Bushveld for periods of several weeks at a time. Impala Platinum's Rustenburg lease area was the first to be affected, when rock drill operators (RDOs) embarked on an unprotected illegal strike in January, leading to the cessation of mining for six weeks. Although production resumed in early March, by mid year Impala reported that output was still only 85% of pre-strike levels. As a result, the company estimated that it lost 150,000 oz of platinum during the first half of 2012.

Anglo American Platinum was the next to experience an illegal walk-out, with wildcat strikes in the Rustenburg area cutting production by 9,000 oz during July. A month later, an unprotected strike at Lonmin spiraled into violence and bloodshed, culminating in the loss of many lives on 16th August. The Marikana mine remained at a standstill for six weeks, losing an estimated 110,000 oz of platinum output.

In September, Anglo suspended its Rustenburg operations due to concerns about intimidation of mine workers. Although the resumption of mining was announced on the 18th, many miners failed to report for work, and by early October, absenteeism was also affecting the Amandelbult and Union mines to the north. An agreement enabling a return to work was finally signed on 15th November. In total, Anglo estimates that it lost over 300,000 oz of platinum production due to illegal strikes at its managed and joint venture operations in 2012.

Safety stoppages had an impact on the mines in 2012, although at a much reduced level compared to 2011. We estimate that over 70,000 oz of production was lost to Section 54 stoppages. The closure of shafts on economic grounds at Everest, Marikana and Smokey Hills also contributed to the drop in output during the year. In January 2013, Anglo announced the results of a strategic review of its platinum business, which could see production reduced by up to 400,000 oz a year.

