

AGREEMENT

between

THE CHAMBER OF MINES OF SOUTH AFRICA

Acting on behalf of **PAN AFRICAN RESOURCES PLC (Evander Gold Mine)**

listed in Annexure A hereto

(hereinafter referred to as the "the Employer" or "Company")

and

THE NATIONAL UNION OF MINEWORKERS

and

UASA – THE UNION

as principals and on behalf of their members as defined herein

(hereinafter respectively referred to as "the NUM" and "UASA")

(collectively, the two unions will hereinafter be referred to as "the Unions")

(collectively, the Employer and Unions will hereinafter be referred to as "the Parties")

regarding

THE 2015 - 2018 REVIEW OF WAGES AND OTHER CONDITIONS OF EMPLOYMENT

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1 APPLICATION OF THE AGREEMENT

This Agreement shall apply to the Employer as well as to the Unions and their members who are employed in the Categories 4 to 8, Miners & Artisans and Officials recognition units by the Employer.

2 PRINCIPLES UNDERPINNING THE AGREEMENT

- 2.1 In concluding this agreement the Parties acknowledge the difficulties being experienced by the gold mining sector, and commit to the shared goal of the need for a sustainable industry delivering value to all stakeholders.
- 2.2 The Parties commit to building a culture of sustainable mining and developing measures to improve performance and efficiencies in the operations in accordance with the provisions for engagement set out in this offer. The company commits to share relevant information to facilitate constructive dialogue.
- 2.3 The Parties further commit that should any external stakeholder or external non-party to the agreement seek to raise an input cost of mining related to regulated prices, or the regulatory environment, in a manner that threatens the sustainability of one or more operations, the Parties will act jointly to negotiate with that stakeholder to manage above issues in ways that secure the sustainability of mining operations.

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3 WAGE OFFERS

3.1 The Company agrees to pay the following increases over the 3 (three) year period:

Pan African Resources PLC (Evander Gold Mine)	Year 1	Year 2	Year 3
Categories 4-8 surface & underground	R 700 increase to standard rate of pay	R700 increase to standard rate of pay	R 700 increase to standard rate of pay
Miners, Artisans & Officials	6 % increase on standard rate of pay	6% increase on standard rate of pay	6% increase on standard rate of pay
Officials B lower (B1-B3)	R700 increase to standard rate of pay	R700 increase to standard rate of pay	R700 increase to standard rate of pay

or CPI, whichever is the greater,

or CPI, whichever is the greater

4 WELLNESS ISSUES

4.1 Medical incapacity benefit

The Company will increase the current minimum medical incapacity benefit of R 40 000 (forty thousand Rand) to R 55 000 (fifty five thousand Rand) over a 3 (three) year period as follows:

4.1.1 R 5 000 (five thousand Rand) on 1 July 2015;

4.1.2 R 5 000 (five thousand Rand) on 1 July 2016; and

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4.1.3 R 5 000 (five thousand Rand) on 1 July 2017.

4.2 Contribution rates to medical aid schemes

4.2.1 In the 2011 – 2013 Gold wage agreement the Company agreed to change the medical aid contribution rates of 50/50 for employers and individual employees to 60% (sixty percent) for employers and 40% (forty percent) for Category 4-8 employees for a period of five years from the date of the wage agreement.

4.2.2 The concession mentioned in clause 4.2.1 will be further extended for the duration of the 2015 – 2018 wage agreement.

5 MINIMUM SEVERANCE PAY

5.1 In the event of retrenchments, the Company agrees to pay severance pay of 2 (two) weeks' basic pay for each completed year of continuous service.

5.2 The Company will increase the current guaranteed minimum severance pay of R 20 000 (twenty thousand Rand) to R 30 000 (thirty thousand Rand) over 3 (three) years as follows:

5.2.1 R 3 000 (three thousand Rand) from 1 July 2015;

5.2.2 A further R 3 500 (three thousand five hundred Rand) from 1 July 2016; and

5.2.3 A further R 3 500 (three thousand five hundred Rand) from 1 July 2017.



6 ACCOMMODATION ISSUES

6.1 Living-out Allowance

The Company will increase the current Living-out Allowance by R 100 (one hundred Rand) on 1 September 2015.

6.2 Two spouses working for the same company

The Company agrees that where 2 (two) spouses are working for the same company they should each receive an accommodation benefit, so that if one spouse is allocated company accommodation the other will receive the appropriate Living-out Allowance.

7 MEAL INTERVAL ALLOWANCE

The Company will increase the current meal interval allowance of R 70 (seventy Rand) per month to R 100 (one hundred Rand) per month from 1 July 2015.

8 MATERNITY BENEFITS

8.1 Paid maternity leave for employees who are non-South African citizens

The Company will pay maternity benefits to its non-South African employees to ensure that they are entitled the same benefits as South African employees.

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8.2 Non/slow payment of benefits by the Unemployment Insurance Fund ("UIF")

The Company will put measures in place on the mines/operations to assist pregnant employees in applying for maternity benefits from the UIF.

9 RETIREMENT ISSUES

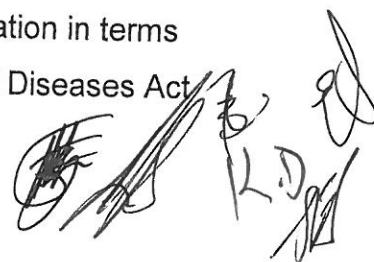
9.1 Retirement age for surface workers

9.1.1 The Parties have agreed that the retirement age for all surface workers will be 63 (sixty three) years as from 1 July 2015, subject to such employees passing company medical examination and fitness to work assessments as and when required, provided that employees who wish to retire at the age of 60 (sixty) or before 63 (sixty three) shall be entitled to do so.

9.1.2 The Chamber will approach the Principal Officer of the applicable retirement funds to request its Board of Trustees to agree to amend the rules of the scheme to permit surface Officials and Artisans whose period of service has been extended in terms of clause 9.1.1, to remain members of the fund until they reach 63 (sixty three) years.

9.2 Retirement age for Miners and underground Artisans and Officials

9.2.1 The issue of extending the retirement age for Miners and underground Artisans and Officials from the current 60 (sixty) years to 63 (sixty three) years requires proper reflection and research into all relevant issues and risks related to such an extension (e.g. issues related to safety and health, retirement funds, productivity, insurance coverage, compensation in terms of the Compensation for Occupational Injuries and Diseases Act



("COIDA") and Occupational Diseases in Mines and Works Act ("ODIMWA"), all of which need to be properly understood and considered.

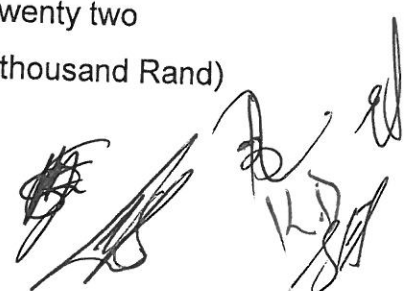
- 9.2.2 The Parties agree that a task team will be established within 1 (one) week after the conclusion of the 2015 – 2018 agreement.
- 9.2.3 The Parties agree that the task team will endeavour to conclude all the necessary research work within 2 (two) months from its establishment.
- 9.2.4 The task team will consider the research and endeavour to present a written report on its findings and recommendations to the Parties within 6 (six) months from its establishment.
- 9.2.5 The task team must also include experts in relevant areas such as health and retirement funds, to investigate the matter.
- 9.2.6 Should the task team recommend that the retirement age may be extended either in respect of all Miners and underground Artisans and Officials or in respect of particular occupations and the Parties accept the recommendation, the new retirement age will be implemented on the satisfactory conclusion of the issues mentioned below, provided that employees who wish to retire at the age of 60 (sixty) or before 63 (sixty three) shall be entitled to do so.
- 9.2.7 The task team will be required to develop the conditions for an employee's retirement age to be extended to 63 (sixty three) years, including that:
- 9.2.7.1 the employee will have to go for bi-annual medical assessments, provided that in the event that the employee fails an assessment, he/she will be retired;

- 9.2.7.2 following an illness or injury, the employee will have to undergo a medical assessment and a fitness to work assessment;
 - 9.2.7.3 the employee will have to sign an indemnity that he/she fully understands and accepts the health risks associated with working underground post 60 (sixty) years of age; and
 - 9.2.7.4 should the relevant retirement fund have a special risk benefit for employees above the age of 60 (sixty) years, payment for such benefit would be for the employee's account, or must be waived.
- 9.2.8 In the event that the task team recommends that the retirement age for Miners and underground Artisans and Officials be extended to 63 (sixty three) years and the Parties accept the recommendation, any Miner, underground Artisan and underground Official who is retired but who is younger than 63 (sixty three) years, may apply to be considered to fill a vacancy for a Miner, underground Artisan or underground Official respectively, until such person reaches the age of 63 (sixty three) years.

10 FUNERAL COVER

10.1 Cover for Miners, Artisans and Officials in terms of the Rand Mutual Assurance Funeral Policy

- 10.1.1 The principal member benefit derived from the cover will be increased from the current benefit of R 22 500 (twenty two thousand five hundred Rand) to R 30 000 (thirty thousand Rand) to cover funeral costs.



10.1.2 The benefit in respect of the spouse of the principal member derived from the cover will be increased from the current benefit of R 10 000 (ten thousand Rand) to R 30 000 (thirty thousand Rand) to cover funeral costs.

10.1.3 The benefit will cover funeral costs in respect of the principal member's children as follows:

10.1.3.1 R 30 000 (thirty thousand Rand) for the principal member's children aged 14 – 21 (fourteen – twenty one) years,

10.1.3.2 R 15 000 (fifteen thousand Rand) for the principal member's children aged between 6 – 13 (six – thirteen) years,

10.1.3.3 R 7 500 (seven thousand five hundred Rand) for the principal member's children aged between 1-5 (one – five) years, and

10.1.3.4 R 3 750 (three thousand seven hundred and fifty Rand) for the principal member's stillborn and children up to 11(eleven) months.

10.1.4 The funeral cover will be compulsory for all Miners and Artisans and Officials.

10.1.5 The increased and newly introduced cover as set out in clauses 10.1.1 – 10.1.3 will be introduced on conclusion of the re-brokering of the policy as provided for in clause 10.1.6.

10.1.6 The increased funding of the re-brokered policy referred to in clauses 10.1.1 – 10.1.3 will be done on the existing co-

contributory basis of 50/50 (fifty/fifty) by the employer and the relevant employee.

11 PAYMENT OF ALLOWANCE FOR OFFICIALS WHEN ATTENDING SURFACE MEETINGS WHILE HAVING TO WORK UNDERGROUND

11.1 This clause applies in respect of Officials who from time to time are required to work underground, and who are compensated by way of an "underground allowance", payable only in respect of each underground shift worked.

11.2 In the event that management instructs an Official referred to in clause 11.1 to attend a meeting on surface during working hours which the Official would have spent underground, the Official will not forfeit his/her underground allowance due to:

11.2.1 the failure of the said employee to clock underground for the shift in respect of which the meeting was attended; or

11.2.2 late clocking or early hoisting, occasioned by the employee being required to attend the meeting in question.

12 INVESTIGATION INTO ORGANISATION DESIGN WITHIN THE BARGAINING UNIT

12.1 The Parties agreed in the 2013 – 2015 wage agreement to appoint an expert to conduct an investigation and thereafter report to the Parties on the issue of organisation design on the gold mines.

12.2 Mr de Coning was identified by the Parties as the expert to conduct the investigation and thereafter report to the Parties.

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12.3 The Terms of Reference for Mr de Coning have been concluded and a meeting between all the Parties and Mr de Coning will be arranged to progress the matter in accordance with the 2013 – 2015 agreement.

12.4 In the discussions to progress the matter as mentioned in clause 12.3 the Parties will engage in meaningful joint consensus seeking and not convert the process into collective bargaining, and further the Parties and their members may not lock out or strike in respect of issues which form part of such discussions, provided this will not entitle employers to unilaterally implement in the absence of consensus.

13 COMPANY LEVEL COOPERATION TO ENHANCE OPERATIONAL EFFICIENCY AND PROMOTE SUSTAINABILITY AND TO MAKE PROGRESS ON SOCIAL ISSUES

13.1 The Parties agree that they need to meaningfully engage, during the course of the 2015 - 2018 Agreement on:

13.1.1 enhancing operational efficiency on the operations, including where appropriate, the alteration of work arrangements and co-design of shift arrangements to optimise efficiency in the use of mining assets;

13.1.2 measures to promote home ownership and the provision of adequate housing and living conditions in the proximity of the mines;

13.1.3 further measures to address employee debt;

13.1.4 measures to preserve retirement funding; and

13.1.5 the optimal utilization of funds which have been committed to skills development.

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13.2 In such engagements the Parties will jointly develop strategies and interventions aimed at reducing the further decline of the gold sector, in order to promote employment retention through sustainable mining, provided that the Parties shall engage in meaningful joint consensus seeking and will not convert the process into collective bargaining and further the Parties and their members may not lock out or strike in respect of issues which form part of such discussions.

13.3 The Parties shall meet initially at industry level, within 1 (one) month of the conclusion of the 2015 – 2018 Agreement, to formulate terms of reference, where after discussions will commence at company level within 2 (two) months of the conclusion of this agreement irrespective of whether consensus has been obtained on terms of reference at industry level.

13.4 The Parties will meet at least quarterly or more frequently if required, and the topics for discussion shall be those set out above in this clause.

13.5 This clause will constitute a material term of the 2015 – 2018 Agreement, and shall not be disregarded by any party.

14 BASIC CONDITIONS OF EMPLOYMENT ACT 75 OF 1997 ("BCEA")

The Unions hereby pledge their support for an application by the Chamber on behalf of the Employer, for a determination to vary for the period 1 October 2015 to 30 September 2018, the following provisions of the BCEA insofar as they apply to the Employers:

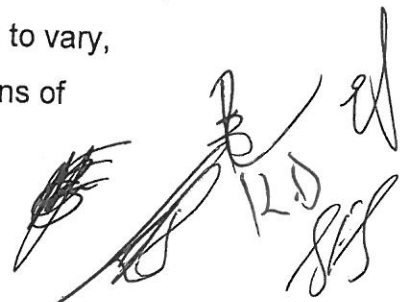
14.1 section 12(2)(b) – variation to permit overtime of up to 10 (ten) hours per week, where ordinary hours of work are averaged;

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- 14.2 section 14 – exclusion to the effect that employees in the Miners and Artisans and Officials recognition units who work underground and in processing plants, dispense with the meal interval on the basis that informal rest arrangements and opportunities to take sustenance are made, and existing meal arrangements with regards to employees in processing plants remain in place;
- 14.3 section 15(1)(a) – variation to permit periodic daily rest periods of less than 12 (twelve) hours, but not less than 8 (eight) hours, for the purpose of rapid shift changeovers; and
- 14.3 section 17(1) – variation to the effect that shifts commencing at or after 04h00 are not regarded as night work.

15 SETTLEMENT OF WAGES AND OTHER CONDITIONS OF EMPLOYMENT

- 15.1 This Agreement (including any Annexure hereto) will amend the existing terms and conditions of employment of the employees bound by this Agreement to the extent set out herein, and is entered into in full and final settlement of all demands and proposals made during the course of the negotiations that led to the conclusion of this Agreement, and is in full and final settlement of the issues of wages, terms and conditions of employment and benefits, for the period from 1 July 2015 to 30 June 2018. Wages, conditions of employment and benefits that are not amended by this Agreement will continue to apply.
- 15.2 Subject to the provisions of this Agreement, no party to this agreement, or other person or entity bound by this Agreement shall, in respect of the period 1 July 2015 to 30 June 2018, seek to vary, review or negotiate wages and other terms and conditions of employment and benefits.



15.3 No party to this Agreement or any other person or entity bound by it will call for, encourage, or participate in any strike or lock-out in respect of any demand having cost implications or in respect of any demand or proposal to amend wages, other conditions of employment or benefits for the duration of this Agreement.

15.4 All parties to this Agreement as well as all other persons bound by it will respect and adhere to the Agreement as well as to all other existing terms and conditions of employment and benefits. No one will endeavour to open negotiations on wages, terms and conditions of employment or benefits.

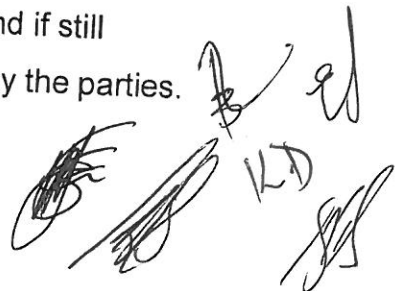
15.5 The Parties to this Agreement as well as all other parties bound by this agreement will take such measures as may be reasonable, to ensure compliance with this clause 15.

16 DISPUTE SETTLEMENT PROCEDURES

In the event of any dispute between a Union or Unions on the one hand, and the Employer on the other (the parties to the dispute) about the interpretation, application or implementation of this agreement, including any Annexure hereto:

16.1 Any party intending to refer the dispute for conciliation in terms of clause 16.2, shall have 3 (three) meetings to resolve the dispute before such referral.

16.2 Should the procedure mentioned in clause 16.1 fail to resolve the dispute, the procedure for resolving the dispute shall be referred by either party, first to conciliation by an agreed conciliator and if still unresolved, to arbitration by a single arbitrator agreed to by the parties.

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16.3 Should the parties fail to agree on either a conciliator or arbitrator, either of them may request the Commission for Conciliation, Mediation and Arbitration ("CCMA") to make a suitable appointment.

16.4 The decision of the arbitrator will not be subject to appeal. The parties, however, will be entitled to exercise their right of review under the common law. The Arbitration Act is excluded by agreement.

16.5 Each party to any arbitration proceedings conducted in terms of this agreement will bear its own costs and will contribute equally to the costs of the arbitration.

17 EXTENSION OF THE AGREEMENT

17.1 The Chamber of Mines, acting on behalf of the Employer, and the Unions further agree that this Agreement shall, by virtue of the provisions of section 23(1)(d) of the Labour Relations Act 66 of 1995, as amended ("the LRA"), bind all other employees employed by the Employer, whether or not they are members of the Unions, who are employed in the abovementioned recognition units in the workplace of each respective employer, as defined in Annexure A hereto.

17.2 It is hereby recorded that the Unions collectively have as their members the majority of employees employed in the workplace of the Employer.

18 IMPLEMENTATION DATE

Unless otherwise stated, the wage increases and other changes to conditions of employment referred to in this Agreement and the Annexure hereto, will be implemented with effect from 1 July 2015.

Signed at JOHANNESBURG on this 13th day of OCTOBER 2015

For and on behalf of NUM:

Name: K.D. SIPHUNZI Signature: [Signature]

Name: Zimiso Poni Signature: [Signature]

For and on behalf of UASA:

Name: SF Sthwini Signature: [Signature]

Name: H.F. [Signature] Signature: [Signature]

For and on behalf of the CHAMBER OF MINES OF SOUTH AFRICA acting
on behalf of the Employers reflected in Annexure A

Name: B. MAUNGA Signature: [Signature]

Name: E Strydom Signature: [Signature]

[Signature]

ANNEXURE A

**EMPLOYERS AND EMPLOYEES COVERED BY THE 2015 WAGE
NEGOTIATIONS**

PAN AFRICAN RESOURCES PLC, in respect of the workplace, comprises of the following mine, namely:

Evander Gold Mine

It is agreed that the Mine of the Employer as described above constitutes a single workplace in respect of that Employer, for the purposes of section 23(1)(d) of the LRA.

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