



May 23, 2011

Silicosis Fight Brewing in South African Mines

A lawsuit by 18 former employees of Anglo American South Africa may go to trial next year. Mining executives dispute an estimate that it may cost them \$100 billion to settle all potential silicosis claims

Gold has rarely been worth more than it is today, and gold mining companies in general are prospering as a result. Gold Fields, a large company based in Johannesburg, South Africa, reported improved profits but a worsening safety performance May 19 for its 2011 first quarter -- five fatalities occurred in its operations during the quarter, accounting for 10 percent of the 50 deaths throughout South African mining during that period, according to the National Union of Mineworkers.

The entire gold mining industry in South Africa is watching as a lawsuit filed by 18 former employees against gold mining company Anglo American South Africa moves toward a 2012 trial. The lawsuit seeks damages for silicosis, a potentially fatal lung disease that has afflicted thousands of South African underground miners during the past century. Mining executives dispute an estimate by Royal Bank of Canada analysts that it may cost them \$100 billion to settle all potential silicosis claims.

NUM General Secretary Frans Baleni [recently said](#) 5,396 miners died from respiratory illnesses from 2003 to 2009. The 50 fatalities during 2011's first quarter represent a 27 percent increase, according to the union.

Nick Holland, CEO of Gold Fields, [announced](#) that his company's gold production of 830,000 ounces in the first quarter was 5 percent higher than that of the same quarter in 2010. He also said net operating costs had been reduced for three consecutive quarters.

"Safety remains Gold Fields' single most important operational and sustainability issue," he said in his statement. "This is embodied in our promise that 'if we cannot mine safely, we will not mine.' To this end, we deeply regret the five fatalities reported this quarter. Despite a significant reduction in fatalities over the past three years, we have not shown an improvement over the last three quarters. Subsequently we are applying even greater rigour to our safety initiatives, centred mainly around strategies to engineer out risks, increased focus on compliance to standards and behavioural change."