

MINING GLOBAL EMPLOYMENT REVIEW 2011

People in the mining sector- what does the future hold?

KEY FINDINGS

81% ARE PLANNING TO CHANGE JOBS IN THE NEXT 12 MONTHS.

55% ARE MOVING FOR CAREER DEVELOPMENT REASONS AND ONLY 19% FOR MONEY.

84% FELT THAT A PROSPECTIVE COMPANY'S CSR POLICY WAS A VERY IMPORTANT OR IMPORTANT FACTOR WHEN DECIDING WHETHER OR NOT TO JOIN.

23% HAVE HAD FOUR OR MORE PAY RISES IN THE PAST 36 MONTHS.

70% FELT SECURE OR VERY SECURE IN THEIR JOBS.

WELCOME

I'm delighted to introduce and welcome everyone to our mining employment review. This review has been jointly produced by Faststream Recruitment and leading mining job board jobs4mining.com

The objective of this review has been to uncover the many manpower challenges facing the global mining industry, which has been underlined by the results of a survey of 4,200 mining professionals which we conducted throughout August and September this year. Our findings represent the current feelings of employees within the industry and highlight the hiring concerns for the future.

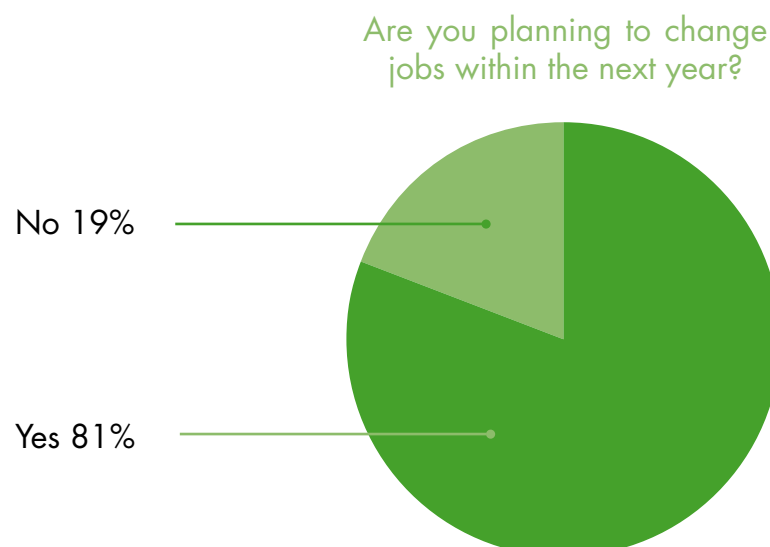


Mark Charman - Chief Executive Officer
Faststream Recruitment Group

I would like to take this opportunity to say a special thank you to everyone who participated in our employment survey, and the input provided to us by our partners jobs4mining.com.

Mark Charman - Chief Executive Officer
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According to the survey, 81% of respondents claimed that they were planning to leave their position within the next 12 months and are actively searching for a new job. With the future success of billions of dollars worth of mining investments based on the ability of companies to recruit and retain expertise, this is an issue which the mining industry cannot afford to ignore.



**“SIMPLY OFFERING
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PROBLEM.”**

Major mining corporations, mid-tier, juniors and single mine companies are struggling to recruit enough geologists, mining engineers, metallurgists and other technical professionals, to fill standard job functions. Inevitably this will lead to extreme shortages amid the huge projects penciled for development over the next decade.

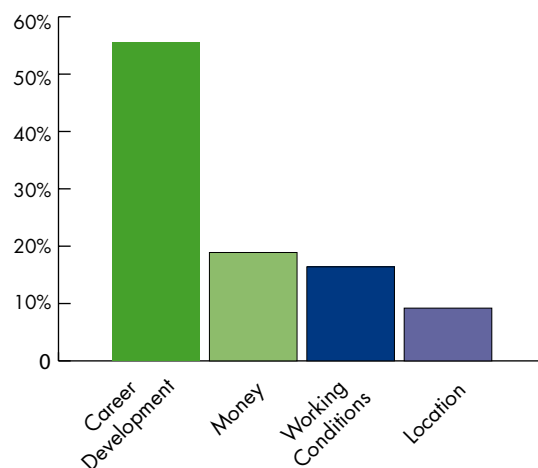
It is a problem which is being faced in both the developed and developing world. Driven by continued strong commodity prices, new mines are opening worldwide and an already challenging labour market is getting tighter and tighter. According to its Chamber of Minerals and Energy, Western Australia alone will require an extra 33,000 workers to keep its mines operational by the end of 2012 and Canada's Mining Industry Resource Council recently estimated that it will need 100,000 new workers by 2020. BHP Billiton has predicted Australia's resources industry will need an extra 170,000 workers in the next five years.

Whilst some of these workers will of course be lower level unskilled support staff, many will need to be mining professionals with both a university degree and several years of experience.

Given the ageing profile of the current workforce and a lack of engineers and geologists with enough experience, the labour resourcing requirements for new mining projects at various stages of development across the globe are simply not going to be met. Production targets and project deadlines are inevitably going to slip. The time taken to train a mining professional can be up to five years, but it is the candidate with around ten years experience who is in particularly short supply. A failure by the mining industry to recruit and train during the tough times in the 1990s, when the price of metals plummeted, has led to particular shortages of mid-career professionals. Simply offering excessive salaries will not solve the problem.

Australia in particular is facing a severe and well documented skills shortage. Tougher immigration restrictions, combined with an ageing population, the country's baby boomers reaching retirement age and not enough students entering the universities to study mining related degrees, has meant that Australian miners are looking further and further afield for mining professionals.

What is your motivation for changing jobs?



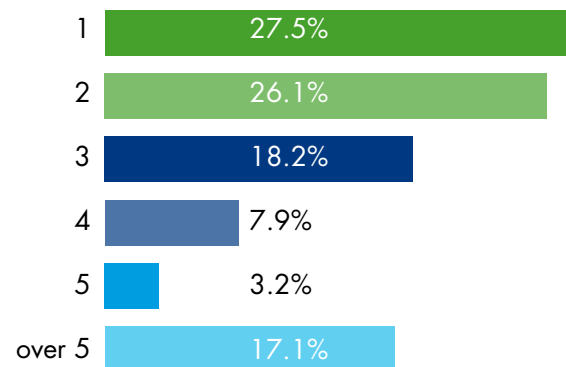
**“MINING
PROFESSIONALS
ARE VERY AWARE
THAT THEY
THEMSELVES
ARE A PRECIOUS
COMMODITY.”**

An inevitable result of manpower shortages has been the fast-tracking of many peoples' careers and exposure to a level of responsibility unheard of by previous generations of miners. It is not unusual for people in their 30s to be managing large mines or to have worked on five separate projects in five years. Companies will need to be more open minded about candidates and be more flexible over their job criteria.

These industry wide shortages have meant that mining professionals are very aware that they themselves are a precious commodity and are looking to make the best of the many opportunities open to them.

The review indicates that working conditions and career development opportunities are the key decision factors, over and above money. A company which can offer a fly-in fly-out rota, takes an active interest in its staff's career path and runs a responsible operation is far more likely to be successful at retaining and attracting the best people. In fact, over 80% of people believe an employers commitment to Corporate Social Responsibility (CSR) an important or very important factor when deciding whether to take a new role with them.

How many times have you been approached for a job within the last year?



With so many mining professionals seeking their next career enhancing opportunity, it is inevitable that companies are under pressure to attract them with perks, bonuses, flexible working patterns. This of course works in the majors' favour which have a track record of long term career management and training policies. However, if salary policies become more flexible and individuals are singled out for reward in order to fill a critical skilled position, it could eventually lead to unsettling labour relations issues.

**“THERE IS STILL A
PERCEPTION
THAT MINING IS A
DANGEROUS AND
DIRTY INDUSTRY
OF THE PAST.”**

Years of neglect, and uncertain economic times, have created a bleak long term outlook for the recruiters of mining personnel. Looking across the developed world, mining graduate numbers are low and some of the leading mining universities have struggled to fill their places despite offering their graduates almost guaranteed employment and excellent salaries. Many universities which once had mining schools, closed them in the 1990s, when commodity prices were low and the industry dramatically cut its intake of graduates.

Key to addressing the university issue is getting the teaching staff and funding for mining related research. Many British universities have seen their government funding of economic geology related research cut, which means that they simply cannot attract the university staff to work there. Whilst some of the majors do provide funding for university research, it is not a cheap undertaking and far more investment is required. Many universities throughout the world may have buoyant mining degree and diploma courses, but the industry is making it difficult for graduates to get the essential first two years experience.

The mining industry needs to comprehensively address its image problem to interest and attract the best talent from a young age. Unfortunately, there is still a perception that mining is a dangerous and dirty industry of the past where there are low wages. It is still haunted by its boom or bust reputation. Working more closely with universities, providing scholarships, work placements and having a direct input into the syllabus are all important steps that the mining companies and consultancies, large and small alike, will need to take to start addressing the long term recruitment issues which the mining sector faces.

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In conclusion, the review has established that whilst salary inflation is dealing with the short term resourcing issues, it will leave many smaller companies with the dilemma of not only attracting good technical skills, but meeting the cost of them. This puts more reliance on outsourced services and consulting expertise, where much of the experience is also in the hands of an ageing skill base.

The critical results indicate that industry professionals are looking at their long term objectives and this will require important talent management initiatives. In turn, this appears to leave smaller organisations in a poor position unless they can find a way of structured technical mentoring that will fast track key employees.

Education has not kept pace with the industry's labour requirements, particularly with some software and technical advances that have not, as yet, been incorporated into some degree courses. In turn the industry needs to raise its profile and brand itself as a leading employer for the future of young people in developed countries particularly. Multi lingual material for schools with an industry wide support website addressing information requirements would be the start for long term planning, but the shortages are now and this can only be addressed if we are prepared to be more open to technical mentoring for qualified personnel originating from the developing countries.

The Faststream Recruitment Group is a specialist mining recruitment organisation employing over 100 people globally. Established in 1999, Faststream have a network of global offices throughout Europe, Asia and The Americas.

Faststream Recruitment

United Kingdom

Southampton

T: +44 (0)2380 208 740

E: mining-uk@faststream.com

Asia-Pacific

Singapore

The Americas

Fort Lauderdale

To find out more visit www.faststream.com

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jobs4mining.com

United Kingdom

T: +44 (0)845 621 6463

E: info@jobs4mining.com

To find out more visit www.jobs4mining.com