



Mining Industry Pension Fund

"Cares for your future"

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CIRCULAR TO MINES

4 July 2011

No. 1 / 2011

Subject : Actuarial Valuation Results for 2010

The Fund writes to advise that the actuarial valuation of MIPF as at 31 December 2010 was completed in March 2011. The Actuary determined that the Fund was not in a sound financial position with liabilities of \$117.98 million against assets of \$108.2 million which represented a funding level of 92% on a going concern basis.

The actuary attributed the deterioration in the funding level to a fall in the quoted equity market values and the Fund's fixed property values as these did not grow as envisaged.

Notwithstanding the funding level of 92%, the Actuary advised that the Fund could still declare a bonus to its members. This was due to the fact that the normal practice was that for a fund to declare a bonus, the minimum funding level should be at least 80%. Given this, the Board of Trustees in consultation with the Actuary, awarded a 5% bonus on all pensions in payment effective from 1 January 2011.

In addition, a 5% bonus was awarded to all active and deferred members' accumulated contributions across the board as at 31 December 2010.

The funding level was reduced to 87% after the declaration of the bonus, a level still above the required minimum funding level as advised by the actuaries. The asset values are expected to correct going forward as market liquidity improves.

The members' benefit statements for the year ended 31 December 2010 have been sent to mines that were not in arrears as at 31 December 2010. Members who have been sent benefit statements are advised to go through the statements to ensure that information contained is accurate.

Yours faithfully,
Mining Industry Pension Fund

A handwritten signature in blue ink, appearing to read 'T. Kanjanda', enclosed within a hand-drawn oval.

T. Kanjanda
Principal Officer