

12 June 2019

Mr Martin Preece
Executive Vice-President: South Africa
Gold Fields Limited
150 Helen Road
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Sent via e-mail: Martin.Preece@goldfields.co.za

Dear Martin

PROPOSED TECHNICAL AND ECONOMIC ALTERNATIVE TO THE PROPOSED EZULWINI RE-WATERING PROJCT

Thank you for the opportunity to engage with and review your work on a proposed technical and economic alternative to the proposed Ezulwini re-watering project, presented by Aurecon and Webber Wentzel on your behalf on 31 May 2019 and for making available the delivered presentation on 6 June 2019.

Sibanye-Stillwater and EMC considered a number of closure alternatives as part of the regulated Environmental Authorisation Application Process. These alternatives are detailed in Appendix H3 of the Final Basic Assessment Report (FBAR), titled "The report on the evaluation of options and alternatives to the closure of the underground workings at Ezulwini Mine", which was subject to public participation and was submitted to the DMR on 12 October 2017.

The Aurecon / Webber Wentzel proposed technical and economic alternative was considered as alternative 6 in Appendix H3 of the FBAR and was regarded as inappropriate and unviable for the following reasons:

1. The shaft and pumping infrastructure is aging and would require significant remediation and ongoing maintenance to ensure safe access to the pumps and dams underground. This work would significantly increase the cost of this alternative.
2. The alternative would require Sibanye to become a water services provider. This would present regulatory challenges and would result in significant delays in the implementation of the alternative.
3. The implementation of this alternative would require a further comprehensive Environmental Impact Assessment Process to be undertaken with further extensive stakeholder involvement. This would result in further delays in the implementation of the project, which Sibanye-Stillwater cannot afford.

We take note of and appreciate the work done by Gold Fields to evaluate this alternative since late 2017. However, it is our view that the details and conclusions presented on 31 May 2019 do not change the technical, regulatory and economic difficulties highlighted above, as identified by Sibanye-Stillwater in early 2017. The alternative presented on 31 May 2019 relies on questionable economic assumptions that provide no confidence of an in-perpetuity cost-free solution. Further, the proposed 1500m-deep borehole option relies on a parallel approach where the shaft is kept open whilst the operability, sustainability and economic viability of the borehole option is ascertained. This proposed option poses a serious risk to the safety of employees and contractors whilst the shaft continues to operate. In addition, the sustained economic viability of such an option would require a lengthy implementation period, making it unfeasible.

The unforeseen occurrences that arose at Ezulwini Mining Company (EMC) on 4 July and 6 July 2018 underscore our concerns around the continued operation of the shaft. Should any further failure of the shaft sidewall occur, it may result in

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Cain Farrel (Corporate Secretary) (*Non-Executive)

the complete collapse of the Ezulwini shaft and pumping station because of the difficult geology, stratigraphy and aging infrastructure mentioned above. The dangerous events in July 2018 emphasise the high-risk nature of the operating environment to which our employees and contractors are exposed. The Aurecon / Webber Wentzel proposed alternative solution further requires an unguaranteed and unquantifiable period of shaft operation whilst the borehole concept is assured. We are also of the view that, should the borehole solution be authorized, it would present an even higher risk to South Deep.

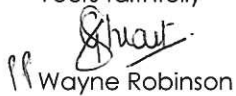
In addition to our safety concerns, the technical, regulatory and economic assumptions associated with the proposed Aurecon / Webber Wentzel alternative remain questionable. In this regard, we record that, despite a request for the presentation's supporting financial models, these have not been provided to us as yet.

It was clearly stated during the presentation that the revenue assumption for the financial model (i.e. the rate the City of Johannesburg is reportedly willing to pay for the treated water from Ezulwini shaft) is to be increased in line with the rate charged by Rand Water to the City of Johannesburg over a period of ten or more years and that the cost line would be increased by the Consumer Price Index (CPI) for the same period. This is a fundamental assumption as it drives the commercial viability of the alternative and therefore underlies the ability to market the solution to a series of key stakeholders who are yet to be formally engaged.

It should be noted that currently a large portion (more than 60%) of the pump and treatment costs associated with the Ezulwini pumping are power-related. In the context of above-average annual Eskom increases, it would be a grossly incorrect economic assumption to assume a simple CPI inflationary cost increase. In addition, it is difficult to foresee an economically feasible project with an IRR of 14.51% where there is a capital funding burden of some R1.77bn with immediate interest payments (conservatively 10% or more) from the debt partners and equity returns (conservatively 15% or more) payable within seven years to the equity partners in the context of operating a parallel borehole and shaft solution.

It is clear that no new information has been provided of agreements with stakeholders, required authorisations, commitments made or relevant technical developments since the initial review of alternative 6 in Appendix H3 of the FBAR, which is an option very similar to that proposed as an alternative by Gold Fields through Aurecon and Webber Wentzel in the presentation on 31 May 2019. The long-term continuation of the *status quo* is impossible for Ezulwini to sustain, and further places Ezulwini employees and contractors at great risk due to the condition of the Ezulwini shaft. We, therefore, maintain our position that the only feasible option going forward is the cessation of pumping and the re-watering of the mine workings. Should Gold Fields sincerely wish to pursue its proposed alternative, Sibanye-Stillwater remains willing to sell the Ezulwini shaft and associated infrastructure to Gold Fields for one rand in order for Gold Fields to implement its proposed alternative.

Yours faithfully



Wayne Robinson

Executive Vice President: Group Technical Services