



GOLD FIELDS

**SOUTH DEEP GOLD MINE
(South Deep Joint Venture)***

Farm Modderfontein,
Old Vereeniging Road,
Westonaria, 1779

PO Box 57, Westonaria,
1780
South Africa

Tel +27 11 411 1000
Dir +27 11 411 1797
Fax +27 11 411 1588
www.goldfields.co.za

Monday, 05 March 2018

**MR. WAYNE ROBINSON
EVP AND HEAD OF SA OPERATIONS
SIBANYE STILLWATER**

By email: wayne.robinson@sibanyestillwater.com
grant.stuart@sibanyestillwater.com

Dear Wayne,

INSPECTION OF 50 LEVEL PLUGS ON 24 JANUARY 2018: EZULWINI MINING COMPANY (PTY) LTD ("EZULWINI"), COOKE 4 SHAFT ("SIBANYE STILLWATER: EMC OPERATIONS) INTEGRATED ENVIRONMENTAL AUTHORISATION APPLICATION PROCESS FOR THE PURPOSE OF CESSATION OF PUMPING AND ASSOCIATED CLOSURE OF THE COOKE 4 UNDERGROUND WORKINGS

1. Thank you for your letter dated 16 February 2018 and received on 21 February 2018.
2. Although we are of the view that the issues raised are either not material to the integrity of the plugs or any other matters that require urgent intervention, South Deep has continuously remained open to engagement on the various issues. We have noted your observations during the inspection of the 50 Level Plugs on 24 January 2018, and the inspection of the 58 Level plugs in July 2017, and wish to respond thereto in the context of what the intended purpose of the visit was.
3. As part of the work that the Joint Task Team on the water treatment options were conducting, Mr. Johan Wagner on 04 July 2017 requested that a team of experts visit the 50 and 58 Level plugs on the South Deep side referencing "*In working through the action items and alignment*

* South Deep Joint Venture is an unincorporated joint venture between GFI Joint Venture Holdings Proprietary Limited (Reg. No. 1998/028354/07) and South Deep Operations Limited (Reg. No. 1999/003208/06), both wholly-owned subsidiaries of Newshel 899 Proprietary Limited (Reg. No. 2007/019841/07) a subsidiary of South Deep Limited (Reg. No. 1988/004880/06).

South Deep Operations Limited Directors: N J Holland¹ (Chairman), N A Chohan, R Bardlen, M Preece
GFI Joint Venture Holdings Proprietary Limited Directors: N J Holland¹ (Chairman), N A Chohan, R Bardlen, M Preece
¹British

we need to get ready for our target date of 22 July 2017, our specialists requested your support and assistance in arranging a visit to the underground plugs and pillars from your side."

The aforementioned site visit was only conducted in respect of the 58 Level plugs due to logistical reasons. On 16 January 2018, after Sibanye Stillwater ceased its participation in the Joint Task Team, Mr. Johan Wagner telephonically requested another site visit *"as they [Sibanye Stillwater and its experts] did not manage to get there the previous time"*, which resulted in the site visit referenced in your correspondence under reply.

4. Given the above, South Deep finds the current correspondence out of context vis-à-vis Sibanye Stillwater's initially intended objectives. However, South Deep is only responding to the correspondence as part of its obligation to take all necessary steps to mitigate any potential risk of flooding that may lead to catastrophic loss of life and operations. As such, this response should not in any manner be seen as a repudiation of its position on the re-watering of Ezulwini.

5. SRK Consulting Engineering Recommendations Post Site-Visit

We intend to respond to each of the "recommendations" as provided for in your correspondence under reply, as detailed below.

5.1 "The SV1 shaft must be in good working order to ensure safe access to 58 level"

As you are aware, there currently is safe access to the 58 Level plugs via the SV1 Shaft and we can confirm that the SV1 winder has been recommissioned. Moreover, a "shaft repair team" has been commissioned to commence with the SV1 shaft upgrade on 20 March 2018, which entails mostly steelwork maintenance (repairs and replacements) in the shaft.

5.2 "The corroded and damaged support in the 58 level tunnel, which access the plug sites, must be replaced"

As indicated above, there is currently an upgrade process in place that will remedy the identified conditions (if and where applicable).

- 5.3 "All corroded bolts, valve handles and wheels must be replaced with Grade 316 stainless steel"

Currently, all installed valves and bolts are stainless steel.

- 5.4 "The large 200mm diameter stainless pipes in 50 W and the 150 mm pipes in 58 W1 must be grouted. A risk assessment should be conducted prior to grouting on 58 level, due to the 1.8MPa water pressure"

During the latter part of 2017, South Deep appointed ET Global Specialised Structural Engineers to conduct an assessment on the structural integrity of the plugs and related elements; and no issues of concern have been raised regarding the above.

- 5.5 "All pipes used to transfer water and/or mud, should be sealed with an adequate grout. Provision for grouting these pipes were made in the original design, which catered for the pipes to have a 90 degree bend facing upward on the wet side. Grouting can easily be achieved, since there is no water pressure"

Kindly see the response in 5.4 above.

- 5.6 "The plugs should be re-tightened to prevent further seepage"

We do not understand the scope and ambit of this statement, however, we can record that there is no seepage present at the 50 Level plugs. The seepage identified by Sibanye Stillwater is as a result of seepage presenting itself from water in the hanging wall through old ventholes, rather than from the plugs.

- 5.7 "A vibrating wire piezometer should be installed to measure water pressure on 50 level on the Ezulwini side"

We have noted this obligation and we assume that this has been put in place by yourselves.

- 5.8 "The V-notch weir on 70 level, must be in good working order"

Currently there is a V-notch weir installed on 72 Level, which is monitored on a 24 hour basis. Monitoring is done by way of a level transmitter (indicator) that communicates the "high" and "low" flowrates on an hourly basis to the relevant South Deep engineering manager via an email/telegram system. Also, further monitoring is done via camera installations which footage is monitored on a 24 hour basis by the South Deep Control Room.

5.9 "V-notch weirs should be installed at each plug site and in the 50 and 58 level main haulages"

As there are currently no water to monitor at both the 50 Level and 58 Level plugs, we are unsure about the relevance of this requirement, but will give this consideration and put this in place, should a flow of water commence.

5.10 "Reinstallation and commissioning of all measuring equipment including pressure gauges, piezometers as well as all cameras to allowing monitoring of the plugs"

We confirm that cameras are installed at both the 50 Level and 58 Level plugs, each of which is fitted with have a motion detection system to notify the South Deep Control Room, should any movement presents itself around the cameras (eg. falling over). Furthermore, the monitoring of seismic activity around the plug-sites is done via installed geo-phones (1 at the 50 Level plugs, and 3 at the 58 Level plugs). We however have taken note of Sibanye Stillwater's observations that the piezometers are not working and will investigate same, and if necessary investigate the necessity of replacing the gauges. This needs to be investigated and done in a manner that does not compromise the integrity of the plugs or fittings, and does not initiate any flow that could be detrimental.

5.11 "Routine maintenance of all existing monitoring and measuring equipment to ensure it is in good working order"

We have noted the contents of this statement, and will ensure that the maintenance protocols are captured on the planned maintenance system.

Joint Task Team

6. South Deep notes your request for the establishment of a Joint Task Team with respect to the issues addressed in your correspondence under reply. As previously indicated, we are of the view that the issues raised are either not material to the integrity of the plugs nor any other matter that requires urgent intervention, or that there is a need for the establishment of a task team on these issues. We are however prepared to continue to meet, and would suggest that the focus should extend to other areas of concern which includes the Cooke 4 pumping system-, infrastructure-, and maintenance.

7. We reiterate South Deep's ongoing willingness to co-operate at every level possible to mitigate any possible risk of flooding that may lead to catastrophic loss of life and operations.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Preece', written over a horizontal line.

MARTIN PREECE

EXECUTIVE VICE-PRESIDENT: SOUTH AFRICA