

20 August 2015

Ms Tracey Davies
Centre for Environmental Rights
1 Scott Road
Observatory
7925

Per Email: tdavies@cer.org.za

Dear Ms Davies

Baseline Assessment of Corporate Environmental Compliance

Thank you for the opportunity to respond to your letter. I am not going to comment on the excerpts that you refer to in the reports prior to 2013. I have not verified whether these are correct or quoted in the proper context and, as a consequence, reserve the right to do so if required or deemed necessary.

The key themes in your letter appear to be the water usage, water and dust pollution and the rehabilitation of old mines.

The information you have been given regarding the usage of water is not accurate. Our usage of water is covered either by valid licences or, in instances where applications are pending, water usage permits. We submitted an application for an integrated licence, back in 2008, which is still winding its way through DWAF's administrative process. I am at a loss as to why you would be told that we have not applied.

Insofar as dust pollution and water containment are concerned, I wish to extend an invitation to you to attend, at your convenience, a demonstration of our environmental management system and protocols (it is a fully interactive web-based system with real time updates), as well as a site visit. We would be happy to give you a demonstration, as well as insights into the monitoring protocols we employ. I think that this will be far more valuable an exercise than to try and address the various allegations that you refer to in the two newspaper articles.

This system also carefully tracks each instance where the legal emission standards are exceeded. The trends, insofar as these "excedences" are concerned, will also be incorporated into our letter to shareholders, and in the presentation I will be making to shareholders on 1st September 2015, when we announce our year end results. This is a web based info-session which you can follow by simply logging in through the link in our website.

You may have noticed in our integrated report that we have set certain very specific targets to reduce dust emissions, and the trends we see suggest that these are being achieved.

I am not going to respond in detail to the newspaper articles. The Star article, in our view, demonstrates a shocking indifference to the truth on the part of the journalist and a blatant manipulation of facts. To refer to but one allegation – the article clearly wants to convey the message that high quantities of AMD are flowing from our operations into the natural environment. To carry the story, a number of photos are included, one of which depicts either a storm or sewerage drain pipe, which has absolutely nothing to do with our operations, and another, which appears to have been taken in a solution trench, which forms part of the pollution containment measures we take.

We have accordingly decided to refer this publication to the media ombudsman based on this and a number of other factual misrepresentations. If you were to accept our invitation to a site visit, we will take you through the entire pollution containment system and the reason for our frustration at this article will become apparent to you.

Insofar as the Guardian article is concerned, I am genuinely perplexed by the suggestion on the part of the journalist that there is no evidence of vegetation and dust netting. We have spent in excess of R500 million on vegetation and rehabilitation of dumps on our operating footprint in the last eight years and the evidence of this is very apparent, both in appearance and in the dust emissions coming off these dumps.

We have covered all the top surfaces of the three tailings dams forming part of the Crown cluster between Soccer City and Soweto, and we are in the process of vegetating the side slopes in accordance with a planned vegetation program. If you were to drive past the site now, you will see work on the large GMTS site to smooth the side slope and vegetate it in accordance with the work schedule.

Typically, when a site is completed, it looks like the completed slope which you see in the attached picture (which, incidentally, we took after receiving your letter to check whether there may have been any spillage from paddocks or trenches). Our work in this regard is not finished but is continuing in accordance with the schedule, which in turn is largely informed by the availability of resources and the supply of water. Ultimately all the side slopes will look like that.

The reason why I find the comment by the journalist somewhat strange is that I extended a similar invitation to him, as I am extending to you, to visit us on site and be taken on a tour. He had to decline though because he is based in London. He posed a whole host of questions and asked for clarity on a number of issues but, strangely, omitted to ask anything about this.

On the issue of mine rehabilitation and, in particular, the comments made by Ms Liefferink, I can simply say that the Foundation for Sustainable Development and our company have fundamentally different views on the issues of causation and legal responsibility insofar as the environmental consequences of mining by independently registered mining companies are concerned.

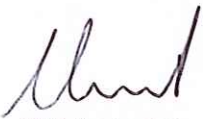
I am not going to comment on these in this response since it has now become the subject of legal proceedings. We consider the statements defamatory in nature though and we will consider the value of instituting proceedings against the foundation following the conclusion of this matter.

Inasmuch as our commitment to environmental practice is concerned, which you quote to in your letter, I would venture to suggest that the extent to which commitment is shown in a commercial enterprise, is demonstrated most vividly through the funds and resources it applies to the particular issue within the context of its total capacity. Our operations spend between R12m and R16m per quarter on environmental management and the containment of the effects of our activities. We have expended an amount close to our company's market capitalisation in rehabilitation in the last eight years and the trends in dust and water emissions we see are substantiating the fact that we are on the right track.

I therefore reiterate, please visit us, let us show you what we are doing, consider our explanations as to what we prioritise and why, ask whatever you wish to ask - we will try and answer to the best of our abilities, and then tell us where and how you think we can improve our efforts.

I look forward to hearing from you.

Yours sincerely



Niël Pretorius
CHIEF EXECUTIVE OFFICER

Encl.

