

ESG and SA gold Investor Day
Session 3
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James Wellsted

Welcome back everybody to the last session in today's Sibanye-Stillwater investor day today. In this session we will be covering our South African gold operations. So we're in the home straits now, so I hope you find this interesting. Thank you.

Richard Stewart

Good afternoon again, ladies and gentlemen, and to all of our listeners online. I think a real pleasure to kick off session three looking at our South African gold operations. And I hope to share with you some of the passion we still have for these operations, some of the real value they've delivered over the years, and some of the value they can still deliver over the years to come. So thank you very much. I think as with any presentation of this nature forward-looking information is contained. There is a safe harbour statement which I'll quickly take you through. The information in this announcement may contain forward-looking statements. I'm joking, but if I could please request you to read this in your own time. It does include some important information. Thank you.

Okay, so moving on to our gold operations, I think as many of us know this was really where the company started in 2013 from some of the less loved assets that were unbundled from Gold Fields, and back then as it was known, Sibanye Gold. Our first task as a management team was to take these assets and enhance the sustainability of them. That was really achieved through an aggressive cost cutting where we were able to cut about 25% of the total costs out of these operations. That increased our flexibility in terms of our mining operations, increased our reserves, and therefore increased our life of mine. And it is really off these core assets that we've been able to build our business, not only our gold business through the acquisition of Wits Gold which included Burnstone, the Cooke operations, and more recently DRD, but also the rest of the business which has pivoted into PGMs and more recently battery and green metals. So this really has been the solid foundation on which Sibanye-Stillwater has been built.

But I dare say these assets in their own right have delivered significant value. For anybody who was a shareholder at the bundling or who invested in the company in the early years, I dare say you got back half of your value just in the first four years from dividends out of these assets alone. That excludes any of the significant capital appreciation and growth that you would have experienced as a shareholder. So substantial value from these assets. And over the coming slides I hope that we can show you and share with you that we still believe that is significant value still to come from these assets in the years to come.

So a question we are often asked is why gold and how does it fit into our portfolio. Fundamentally there are two parts to that. The first one is that gold is counter-cyclical. We know during tough economic times where other metals battle gold thrives. Anybody who questions the safe haven status of gold only needs to look back over the last 24 months to see that it still fulfils that function. This gives us the ability to live our vision of delivering value to all stakeholders through essentially having exposure during tough economic times to gold cycles which tend to behave better. Secondly, I think we are fundamentally bullish on the long-term outlook of gold. There are some short-term headwinds in terms of rising interest rates and the tapering of stimulus packages. But fundamentally the unprecedented amount of lending and stimulus packages we've seen over the last decade inevitably will

underpin gold as we see a more inflationary environment and heading towards a sustained low or even negative interest rates in the time to come. Supply side we see peaking in the next couple of years. There have not been any significant gold discoveries over the last few years. So fundamentally the long-term outlook for gold remains very positive.

If we move on and take a look at our business as a whole, I think as we highlighted before we started our operations back in 2012 with a total reserve base of 13.5 million ounces. That was fundamentally underpinned by our three core assets, being Kloof, Driefontein and Beatrix. And if we look at where we are today after nine years, having already mined over 10 million ounces of gold, today our reserve base stands at 15.5 million ounces – so in fact higher than when we started back in 2012. A significant portion of those additional reserves have come from our three key assets, but also a portion through the addition of the acquisitions we've made, specifically including Burnstone which has recently been turned to account as well as DRDGOLD.

I think this is best displayed in the graph here which shows that when Sibanye Gold, as it was then called, was created by this stage of our lives we were due to be a 500,000 ounce gold producer with less than five years of life left. Today our gold business alone is still producing at about 900,000 ounces. And we're forecasting to be able to sustain that for at least five years out of the initial operations which we were formed upon. We also have a long life with many of our assets well beyond ten years. And I think we will share with you how that positions us well relative to many peers in the industry.

We have also created additional optionality through some of the acquisitions we've undertaken. Burnstone is a project that has now been approved, a long life project that will add value to the overall gold business. That has been approved by the board and we commenced capital expenditure this year on that project. And in addition, in the southern Orange Free State we have the De Bron and Bloemhoek projects, which, as has been discussed before, the opportunity to sustain the life of the operations through the inclusion of uranium. And these projects will certainly add a lot of option value in that event.

So how do we stack up against our peers? Well, on a reserve and resource and life of mine basis I think so often our larger assets, Kloof, Driefontein and Beatrix, are perceived as being at the end of their life, in decline, and that is seen negatively. Yes, it is quite right. They are at the end of their lives and they are in decline. They are never going to produce what they did in their heyday. But given the size and the status of these assets even in decline they still compare very favourably to many of the smaller assets that are being developed today by our peers. And these assets alone with lives extending well beyond ten years are highly competitive to the assets of many of our international peers in mining. And our projects that we are commencing and our investment in DRDGOLD are certainly amongst some of the longest life assets that exist in the industry.

Overall as a company Sibanye-Stillwater when we look at ourselves as a combined precious metals producer we are in the top three of precious metals producers. That gives us a substantial base to deliver off. But looking at our gold industry alone, it still remains a substantial business in terms of production; still within the top 13 or 14 companies. And likewise in terms of reserve it has still got a substantial base. Look forward in the coming slides to the team unpacking for you a bit more detail about this business, and as I say, why we still believe it can add significant value in the years to come to all of our stakeholders. So with that I'll hand over to Richard Cox. Thank you very much.

Richard Cox

Thank you Rich. Hello everyone. My name is Richard Cox and I'm the Executive Vice President of the South African Gold Operations. Our operations are located in what we call the West Witwatersrand Sedimentary Basin. This is the greatest source of gold in the world. The basin largely extends along axis from the east of Johannesburg to the south-west of Welkom for more than 400km. We have six high-quality, long-life assets with unrivalled production history: Kloof, Driefontein and Cooke operations in the West Wits near Carletonville, Beatrix operation and south Free State opportunities in the Free State near Welkom, and Burnstone project in the South Rand Gold Field near Balfour, Mpumalanga Province. We also own just over 50% of DRDGOLD. However, our team does not manage these operations. So all in when we take everything into account the gold business has a resource base of just over 80 million ounces and a declared reserve of 15.5 million ounces. And today we will speak about much of the 15 million ounces, but our team relishes the opportunity to bring to account much more of what remains.

Our workforce including contractors numbers 31,000 staff residing in different accommodation models very close to the operations. Clearly given our size and impact where we operate we are a significant economic contributor to provinces and regional economies and we improve lives. I'd like to present the members of the South African gold team. Koos Barnard, our Senior Vice President for Mining Operations, William Osaе, our Vice President of Technical including metallurgical operations and surface operations, Pieter Henning, our Senior Vice President for Finance, and Thusanang Moepeng, our Senior Vice President for Human Resources. I am very proud to lead this team. This team is very experienced and up through the ranks managing the assets at this time of their life and our lives has great appeal to us.

And we see new possibilities. We see new opportunities for our operations and we are excited about adding value from our assets. And today is about sharing with you how we are still able to create value. Here we have our three core producing assets, Driefontein, Kloof and Beatrix. All of them are assets that have been built over a very long time. Look at Driefontein for example. Commissioned in 1952 and production to date of over 110 million ounces. Impressive and significant. All of them are underground assets with ore bodies at various depths and accessed through several vertical shaft systems. The shaft systems form an interconnected matrix that has endured over time and extracted predictably the gold from the reefs. The trend has been increased levels of extraction over time, or expansion, and now sustaining the operations by extracting remainder reserves from much fewer shafts. This requires new skills sets, and we have those skills sets.

So you would be correct to observe that it is a lot to maintain with many moving parts. However, we see opportunities or value. Some of these opportunities are, for example, at Driefontein reconfiguring the 13 shaft operations to support D1, D4 and D5. And I must tell you that within previously thought low-grade blocks spanning 200 metres by 200 metres or 40,000 m² within the VCR we are now discovering high-grade channels that can sustain opportunity specific mining. We've had to change our readiness horizon, the speed between discovering and exploiting these opportunities from existing infrastructure.

We see these channel opportunities at D1 and D5. These opportunities are not yet in plan and we look to bring them to account quite quickly from existing pre-developed infrastructure. In addition to the success at the Kloof

in transitioning to secondary reefs – I'm talking about the Middelvlei Reef compared to the VCR – we are busy with a drop down project at K4 providing access to fresh ground between the levels 45 and 47. At Beatrix we also highlight the Beisa Reef uranium deposit. This holds possibility for life extensions beyond 2025.

We own significant amounts of vacant occupation land that lends itself to solar power generation, and one such example is the 50 MW solar project being dusted off for eventual construction at the Kloof operations. Finally, I'd like to mention water. Water we pump from Kloof, Driefontein and Cooke operations quantities are significant and in excess of 200 million litres per day. We can see a time when this water will be the next prized commodity, and we hold a valuable resource. Stewart the team has plans for value creation, and they will share a little later in the presentation.

So you may ask, what is it that we see? What we see are world class assets. We see a team able to deliver promised value to stakeholders. And we see opportunity. We present here our ten year plan of production and cost. Notably the last few years have been tough with safety related stoppages weighing in 2016, labour stoppages in 2019 and COVID-19 impacting both 2020 and 2021. We are happy to say that our production has normalised and we forecast a steady production profile for the next five years of approximately 1 million ounces per year. That includes DRDGOLD. I must add that a million ounces per year of production is a significant gold producer over the coming five years. And we look forward as well to the contribution from the Burnstone project as from 2024.

We are forecasting a gradual planned decline in production when the Beatrix operation reaches end of life in 2025. We highlight two cost trends. Within the operating cost this has a component of overhead that we are tackling through our Project 3B, and Pieter will highlight the opportunities we see a little later. Also in the all-in sustaining cost contained therein are the ore reserve development costs as well as the stay in business capital costs. We are seeing opportunities to reduce operating cost and we are taking a much closer look at the overhead structure through our 3B project. And with some clever reconfigurations by the team we can see opportunities that will deliver value.

Our pre-development costs will reduce as ore bodies become fully developed with reef horizon extraction being the main cost. Stay in business capital will reduce over the maintained assets as they are no longer required, but also we will spend smartly in areas of infrastructure optimisation and renewable energy and receive a good return. I would also like to see the upside from the channels I was mentioning earlier in the Driefontein area that the team are discovering within the VCR reef horizon at D1 and D5.

We see in this slide the head grade and recovery percentages per operation for the next ten years. Both Kloof and Beatrix operations' head grades are largely in line with the life of mine reserve grades. And also highlighted is our highest grade recovered gold from the Kloof KP2 metallurgical plant. Kloof grades will benefit from increased volumes from the K4 deepening project and the timely mining of the K3 pillar from K4. We are also looking forward to rolling out the gravity concentration circuit at Beatrix, and that will improve recoveries going forward at that operation. Driefontein's head grades increase from the eventual extraction of the large pillars protecting current shaft infrastructure. An example is the mining of the D4 pillar which will significantly increase grade and offset lower extraction rate in the mine and lower throughput rate in the metallurgical plant.

I must reiterate, as highlighted by Rich, that we are extremely discerning when it comes to capital expenditure. And the focus is on cost discipline across the business, and this includes our capital expenditure profile over the next ten years. There is significant cost and cash flow benefits from our planned reduction in capital expenditure aligned to our slowing need for pre-development going forward and aligned to our reduction in operating infrastructure and associated running costs. The project capital will peak in 2022 and 2023 with a lot of work that needs to get done in next year for which we are preparing our readiness. Ore reserve development will also peak in next year and then steadily decline by R1 billion by 2025. The reason for the decline is the slowdown at Driefontein in 2025 and the end of life at Beatrix. Also note that the ORD also includes the Burnstone expenditure expected as from 2023 and 2024.

Stay in business capital declines to zero at Beatrix and includes the expenditure forecast from 2023 at Burnstone. Our infrastructure optimisation project expenditure driven mostly at the Kloof operations will peak in 2022 and the bulk of the work to be completed in 2024 and the Kloof deepening project scheduled for completion in 2023. Burnstone growth capital also peaks in 2022 and scheduled for completion in 2026. So in summary the capital expenditure peaking in 2022 with expenditure of just shy of R5 billion at R4.9 billion and reducing to R2.1 billion in 2025. This sets our business up and with significant flow through to cash flow relative to 2022. And we see that will have a margin enhancement expected to be approximately R60,000 per kilogram by 2025. Thank you very much and I will now hand over to Pieter Henning.

Pieter Henning

Thank you, Richard, and good day everybody. If we look at our performance over the last three years it's fair to say that the business has been severely impacted by business interruptions from 2018 with the safety incidents that we experienced at Kloof and Driefontein. In the latter half of 2018 and 2019 the business was severely impacted with the industrial action on the back of wage negotiations. Rolling into 2020 we've had the impact of COVID-19. While we still had significant free cash flow in 2020 on the back of higher gold price, it's evident that the business is highly geared to the gold price, which was also evident in 2016. Richard Stewart has highlighted that from 2014 to 2017 this business did generate free cash flow, helping the growth of the bigger business.

If we look at our unit costs measures at the bottom graph it is evident that these three years have played in heavily on our unit cost. As we will discuss a bit later, we've got a high fixed cost base. And as a result of this high fixed cost in the short term when we have business interruptions our unit costs are inflated because we obviously divide the high cost base with the units produced within that period. If we look at 2021, which was presented a couple of weeks ago, our unit cost is also a bit high as a result of some safety incidents that we experienced this year, but mainly as a result of higher capital spend which we will also touch on later on in the slides.

If we look at our main cost drivers 61% of our cost basket consists mainly of labour and electricity. These two baskets have increased 2% and 3% respectively over the period from 2016 to 2021 while the other cost baskets, contractors, stores and others, have actually reduced over the same period. If we get to mine labour and therefore looking at the average cost of an employee over this five year period, this cost has increased by approximately 18% above inflation if we assume a 5% per annum inflation rate. When we get to electricity our

average total cost basket has increased 32% over this five year period while we actually achieved a 13% consumption reduction over that same period, working towards that zero carbon emissions going forward.

On the left-hand corner we talk to our total working cost which is approximately R20 billion. As is evident from 2017 to 2018 when we had to restructure the business on the closure of Cooke, and even in 2019 on the back of restructuring Driefontein, it is evident that we are able to reduce our total cost basket when we get to restructuring the business. We will discuss the fixed variable cost ratios on the next slide. If we look at our fixed variable cost ratio, 65% of our cost base is deemed fixed in the short term. We have to discuss this fixed variable ratio with caution because this is not a real representation of the R20 billion as discussed the previous page. This is a representation of our current cost profile and will be seen as variable as we effectively have to close infrastructure or operations in the long term.

This 65% of our cost base is being driven by mainly labour and electricity as shared on the previous page. We unfortunately have to incur that cost when we have lower production, hence the high unit cost production that I've talked to in the earlier slides. If we start reviewing our cost per activity we would notice that 81% of our cost base is driven by operational costs whereas 19% of our cost base is driven by overheads. We've recently started a project referred to as Project 3B with the objective of reducing our overhead cost bill by 5% or from R3.8 billion to R3 billion.

This overhead cost basket contains mainly insurance, security, training, employee accommodation and employee transport. The initiatives that we will embark on on reducing this cost basket is by consolidating accommodation facilities, consolidating office – as a result of COVID more people work from home – and effectively selling more houses. We also then will optimise transport associated with these footprint reductions. These reductions and reviews of our cost base have other consequences and benefits to the business. Concurrent rehabilitation is enabled and we can also obviously reduce electricity, water and associated security costs that come with this footprint.

If we start looking at the capital on the next slide, as highlighted by Richard Cox our capital profile is declining over life. But it is important to note that our capital investment this year and over the next two years is a bit inflated as a result of 2018, 2019 and 2020 business interruptions we had. We effectively had to defer some of our capital spend from 2019 and 2020 into 2021. If we look at ore reserve development on the left-hand top, our ore reserve development is reducing in line with life of mine. It is actually reducing pre our life of mine profile as we have 25 to 32 months of ore reserves already pre-developed.

If we look at stay in business capital again it is elevated in 2021, but thereafter it reduces to a more stable position, but in no way reducing our capital spend on this critical basket as can be seen from Kloof being a constant number over life of mine. Also driving the higher capital expenditure in 2021 and 2022 and 2023 is the investment that we're doing in optimising our infrastructure, especially on the Kloof operations. Koos Barnard will share more detail around the benefits and the detail of the investments that we're making on Kloof.

It's exciting that we've announced at the beginning of this year the investment into the Burnstone project. Burnstone with Kloof K4 deepening project is also resulting in an elevated capital spend especially in 2022 and 2023, where after it will reduce in line with the project development and delivering on its project completion.

Ralph Lombard will share more detail on Burnstone also in a later couple of slides. Thank you. On that note I hand over to Koos.

Koos Barnard

Good afternoon. I'm Koos Barnard. I'm the Senior Vice President responsible for mining in the gold segment. The slide that you see is outlining a transverse level plan of the mining area of the Kloof complex. Shafts that can be seen on the plan is Kloof 1 shaft – that's the main shaft – two sub shafts, and to the right of that Kloof 3 shaft which is outlined with the rectangular box, the red one. And then to the far left, Kloof 4 shaft with its sub shaft infrastructure. Not visible on the plan is Kloof 7 and its sub shaft to the left of Kloof 4 shaft. I will explain the rectangles as we discuss the content, all of which delineate ore reserve which potentially can be mined from alternative infrastructure.

The objective of the infrastructure optimisation is a planned reduction of fixed infrastructure and associated cost and then also the optimisation of capacity of the remaining infrastructure. This whole process already started back in 2019. It further involves development of our long life shafts, extracting the remaining reserves and facilitating the closure of the shorter life shafts. The Kloof infrastructure project is primarily focussed on the early orderly closure of the K3 complex. The extraction of remaining Kloof 3 shaft reserve will therefore be facilitated from Kloof 1 shaft, the 24 to 31 levels. The two larger rectangles, the blue and the green ones, outline that area on the plan. And then also Kloof 4 shaft, which is from 39 to 42 level, and that's the smaller rectangle at the bottom of the plan.

The closure of the Kloof 3 shaft complex will therefore result in a reduction in overhead cost and results in lowering the pay limits, in this case from above 1700 to below 1600 cm.g/t, ensuring the economic viability of the lower grade secondary reefs, in our case the Kloof reefs, supporting higher throughput and production over the life of mine. Optimisation of the capacity utilisation of Kloof 1 and 4 shaft, ultimately hoisting capacity is taking up and it will improve productivity at the long life Kloof 4 shafts. Additional reserves from Kloof 3 will also be mined from Kloof 4 shaft. And as I said, that's the little green rectangle at the bottom of the plan.

Some key statistics in 2021 terms. The pay limit reduction as mentioned earlier increased the Kloof mineral reserves by 1.1 million ounces to 4.6 million ounces by enabling economic extraction of the secondary reefs. Kloof Reefs, which is sitting approximately 40 to 60 metres above the VCR we are currently mining has been targeted at Kloof 1, Kloof 7 and Kloof 8 shafts. This will result in the Kloof average steady state production maintained at 350,000 ounces per annum over the life of mine.

If I look at elements of the Kloof integration project, Kloof 8 shaft expansion project is designed to increase the production of the shaft by 40%. This shaft historically mined extensively on VCR and Middelvlei Reef to a lesser extent. They are now targeting and mining essentially on the Kloof Reefs, which is a steep dipping secondary reef above the VCR at an average grade of about 1200 to 1500 cm.g/t. It's a single lift shaft with good infrastructure. The current exploration development is done on three levels, which are 13, 14 and 16 levels. Kloof 4 to Kloof 3 shaft integration is designed to access Kloof 3 sub vertical shaft reserves from the longer life K4. It reduces infrastructure cost by closing down the K3 infrastructure and improves capacity utilisation. That is purely to fill up the Kloof 4 rock hoisting infrastructure and capability. This mining targets the remaining deep level ore reserves

previously mined from Kloof 3 shaft on the VCR. As I said, that's the small rectangle on the plan. Kloof 4 development reached the Kloof 3 boundary and is ideally positioned to mine 39, 40, 41 and 42 levels.

I think look at Kloof 1 to Kloof 3 shaft integration. It is designed to access Kloof 3 sub vertical reserves from Kloof 1, reduce infrastructure cost by closing down Kloof 3, and then better capacity utilisation to fill up the Kloof 1 rock hoisting capacity and infrastructure. This mining targets the two larger rectangles between Kloof 1 and 3. Opening up is progressing on 24 to 31 levels. In doing so Kloof Reefs between Kloof 1 and Kloof 3 are also targeted to eventually mine out the remaining VCR reserves previously mined from Kloof 3.

Kloof 4 to Kloof 7 shaft is designed to improve productivity at Kloof 4 shaft through increased face time. Kloof 4 is the deepest operation and we will extend its mining below the current infrastructure of Kloof 7. By setting up decline infrastructure from 43 level to 40 level then the material can be transported via K7 to this mining area. This reduces travelling distances extensively and increases face time for the mining crews which will be mining in this area. All tonnage produced in this area will still be hoisted at the Kloof 4 infrastructure.

Kloof 3 shaft surface closure establishes a refrigeration system independent of Kloof 3. Once the Kloof 3 sub shaft closure is effected, two of the refrigeration machines will be relocated to Kloof 7 shaft. The cooling capacity dependency from Kloof 1 will then be provided from Kloof 7 shaft. This will result in total closure of the Kloof 3 complex. Some provision has been made for the closure of Kloof 3 surface and all the integration projects discussed in this slide. Kloof 1 to 3 opening up will continue over the life of mine. And then lastly, the Kloof 4 to 7 project will continue up to the end of 2024. The integration project together with the drop down project will result in a steady state production profile of approximately 350,000 ounces per annum over the life of the mine.

The Kloof 4 shaft deepening project extends the mining of VCR reef below infrastructure at Kloof 4 to 46 and 47 level. The project involves the development of a ten degree trackless decline, related infrastructure for ventilation, chair lift and the rock handling facilities to facilitate access to the planned levels. Conventional mining is planned for these levels and the decline has already been developed to below 46 level and horizontal development is already progressing on 46 level. Most recently permission has been obtained from the DMRE to perform FULCO operations on this development and together with multi-blast conditions established will now speed up the development of the decline.

Peak funding for this project is in 2021 as well as in 2022 and includes refrigeration infrastructure and trackless mining equipment. The estimated capital cost to completion of the project is R687 million over the next three years. The mining below infrastructure adds significant ounces to the mining life of K4 as well as to the Kloof complex. Steady state production will be above 150,000 ounces per annum over the life of mine. I will now hand you over to Ralph Lombard, the Senior Vice President responsible for the Burnstone Project.

Ralph Lombard

Thank you, Koos, for introducing me. Hi everyone. Burnstone is a greenfields project which will ensure a long life, shallow to intermediate depth mine. The one thing you must note about Burnstone is it has already been extensively pre-developed. And this includes vertical shafts for men, material, rock hoisting, ventilation, a decline

for access for machines, a metallurgical plant and its associated infrastructure, surface workshops and other offices.

The project will ensure a life of mine in excess of 20 years and it must be noted that we already have 9.1 million ounces of resources available at Burnstone and also 2.2 million ounces of reserves. Burnstone is lying next to the small town of Balfour. This region has quite a lot of challenges with socioeconomic issues and it must be noted that the unemployment rate in this region is more than 30%, of which youth is standing at more or less 44%. Both the Burnstone project and mine will enhance the socioeconomic stability by creating 2,500 jobs in the long term, but it also will create meaningful opportunities for procurement, SMME development and skills transfer.

At Burnstone we will be mining the Kimberley Reef at an average depth of 550 metres going up to 1.05 kilometres by utilising mining methods which are well known to Sibanye-Stillwater. Project capital of R2.3 billion will be spent over the next six years. This will establish a sustainable mine and the capital includes the finalisation of infrastructure, the acquisition and refurbishment of TMM fleet as well as equipment and setting up the required ore reserves. An additional R1.5 billion pre-production capital will ensure that there's enough inventory to start commercial production by 2024. And by that stage we will have a fully operational metallurgical plant and associated infrastructure.

We expect to produce around 138,000 ounces of gold when we are at steady state with an average incremental operating cost of R419,000 a kilogram over the life of the mine. This will result in a net present value of R0.9 billion and an IRR of 20% using the commodity price assumptions of \$1,500 per ounce for gold and an exchange rate of R15. It must be noted that at spot the NPV is more than R3 billion. Thank you. I'm handing over now to Jevon who will take you through sustainability.

Jevon Martin

Thanks very much, Ralph. It's a pleasure talking to everyone again. It gives me great pleasure to deep dive into our energy and decarbonisation strategy of our SA gold operations. If you look at our South African gold operations as a result of their structure and depth they are inherently energy intensive, accounting for 51% of our group energy requirements. As a result they are also very carbon intensive. One inherent advantage that they have relative to our peers that operate open cast remote gold mines is that they are largely electrified and as a result 83% of their current greenhouse gas emissions stem from Eskom's coal fired power stations. 5% of that is associated with the care and maintenance of the Cooke operations, to really highlight the importance of finding a permanent closure solution to not only reduce the associated emissions but also to reduce the fixed cost component that Pieter Henning mentioned earlier.

If we look forward we anticipate the greenhouse gas emission profile of these operations will decline in line with their production profile and as renewable energy increases penetration at a national level. We however have a number of active interventions that we're currently pursuing to accelerate their decarbonisation. One of the key contributions is our advanced energy management which not only reduces fixed cost to the business but last year achieved 105,000 tonnes of CO2 reduction in 2020. One of the key enablers was the deployment of digital twins to energy intensive infrastructure that allows the identification of both energy waste and energy efficiency opportunities.

Last year we also replaced the Beatrix coal boiler with an electrode steam boiler and heat pumps which has allowed the reduction of just over 14,000 tonnes of CO₂ equivalent. I'll shortly speak to our solar project for these operations, but these operations also enjoy the benefit of our wind strategy where the remote wind projects will allow us to wheel renewable energy to these operations. An existing flagship project is our Beatrix methane to power project which currently produces nominally between 1 MW to 2 MW on a continuous basis and displaces about 20,000 tonnes of CO₂ per annum. This is also a UN clean development mechanism project that has generated just short of 290,000 carbon credits to date.

We are also exploring some technology opportunities to displace the remainder of our diesel on these operations including on Ralph's project deploying battery electric vehicles at Burnstone. Going forward the focus will remain on electricity with also exploring opportunities relating to fugitive mine methane and diesel. As a result of the structure of the mine, as I mentioned largely electrified, renewable energy will be the strongest decarbonisation lever we can pull.

On this basis we initiated a solar photovoltaic project back in 2014 on site adjacent to our Driefontein and Kloof operations. That project was however historically delayed due to regulatory and Eskom constraints. However, those have now been alleviated and we've elected to re-progress these projects. Currently the intent is to develop a 50 MW PV project and we will directly supply the Kloof operations via a 132 kV overhead line. The site is in close proximity to the Kloof operations and is currently permitted for up to 200 MW with the majority of key consents and approvals already in hand including the environmental authorisation, the rezoning etc.

The project will be executed on a power purchase agreement basis where a third party will be appointed to finance, build, own and operate the plant on a 20 year basis and sell us the electricity through the agreement. This will afford us electricity at a 30% to 50% discount to grid supplied electricity escalating at CPI from day one with minimal outlay from the business. beyond life of mine given that Kloof life of mine extends to 2034 the power will be used for the care and maintenance pumping, local tailings projects, and then wheeled to our other long life assets across South Africa.

From an accounting perspective this will be recognised as a lease liability and a right-of-use asset. However, due to the structure of the PPA there are no minimum payments due so it is effectively represented at a value of zero. Concurrently to the final permitting processes we executed an expression of interest earlier this year where we got an overwhelming response from the market in terms of willing project developers. We have now progressed this through to a request for quotation that is underway where we intend to appoint the preferred project developer in the next two months. In the current plan we plan to reach financial close by mid-year next year, beginning construction shortly thereafter and then bringing the plant into commercial operation by 2023. One of the key benefits is we can potentially link these projects with some of our social projects, being the Bokomosa Ba Rona agri-industrial project in the area. And I'll hand over now to Grant Stuart, our Senior Vice President of Environmental, who can talk to this.

Grant Stuart

Thanks, Jev, and good afternoon to everybody. The gold operations pump some 250 million litres of water a day and discharge 200 million litres per day thereof. The operations also purchase in some 20 million litres per day at a cost of R130 million per annum. This is in itself an opportunity to become potable water independent. We have made some significant inroads into this endeavour with our Cooke plant and our EMC plant completely independent of potable sources.

We are well on our way with Driefontein which is currently approximately 90% independent, and Kloof will be 33% independent by the end of this year. Recognising the pressure on the current potable water system we are seeing increasing pressure on the integrated Vaal River system with Rand Water imposed volume curtailment initiatives an increasing phenomenon. One less drop that we use from the potable water system is water available to a developing town or needy community.

As indicated in the ESG presentation earlier, our water conservation and water demand management drive is to ensure efficient and effective utilisation of our water resources with minimum impact on the surrounding water resources and ensure available resources for effective ecosystems, surrounding communities and our operations. To support our effective and efficient water utilisation drive we have a total consumptive specific water use target which we measure in kilolitres per ton processed.

Performance against this indicator is formally measured and reported on quarterly with monthly tracing and monitoring. Fundamental to reporting on our total consumptive specific water use target is the ability to monitor, measure and report water flows at site level. Site level accounting and assessment is intended to help develop comparable and material information as the foundation for accurate and consistent external reporting.

This technology also supports two critical management tools. One, our predictive water balance models to assess future water balance movements under variable climatic change imposed scenarios. And two, five year water conservation and water demand management plans, driving initiatives to improve water management on each of our sites. Alignment with ICMM and transparent disclosure is an important part of how we operate. This is why we have recently for the first time disclosed to the water CDP.

Our gold operations in the West Rand are overlain by dolomitic aquifers with the result that there is significant water ingress. Continued pumping of ingress water from deep workings has placed an enormous financial burden on these mines that are in some instances no longer revenue generating. On the other hand, it is an established fact that improved water supply and sanitation boost economic growth and contribute greatly to poverty eradication, something that South Africa and the West Rand desperately need. Notwithstanding economic opportunity we have regulatory hesitancy failing to lead the region to prosperity hiding behind incompetence and the one environmental system inefficiency.

This is not the only factor that compromises regional growth and development. Failing municipalities and their inability to maintain basic infrastructure resulting in controlled sewerage discharge into our river systems and resulting sinkholes are an illustration of further missed opportunities. Failing law enforcement, the inability to control the swell of illegal mining, sabotage of infrastructure and theft of cables powering infrastructure to pump and treat acid mine drainage are yet more of our reality. I paint a grim picture, but these are not complex problems to solve when there is a willingness to make a difference and a line on a common regional vision.

Investing in water is a sound opportunity. Improved water resource management significantly improves productivity with economic sectors. This is certainly true for our envisaged post closure scenario for the West Rand where we see Bokomosa Ba Rona, an agri-industrial socioeconomic solution energised through the reliable supply of water. Yes, there are green shoots. Our collaboration with Rand Water where Rand Water have stated the need to augment their current volumes from between 400 million to 600 million litres per day by 2027 and also the draft mine closure strategy speaks to the heart of collaborative regional closure. But who will lead this? Who is the competent authority to deal with this? That's the question.

Of all the uncertainty one thing is clear. Maintaining deep level pump stations and shaft infrastructure to continue to pump in perpetuity at huge expense and at risk to human life is not the solution and is not going to support economic growth and development of the region. Re-watering and the natural establishment of the dolomites with access to water closer to surface have to be considered.

Let's drop down in to the case study of Cooke. Cooke is not unique when you look at closure from a sector perspective. There are four similarities that are evident especially as mines move to close. A decommissioned mine following a depletion of resource, contiguous interconnected mines, ingress of water, unsafe illegal mining, comprehensive studies, both engineering and environmental, support closure applications. All very similar scenarios across our mining region. Yet the authorisation for closure despite following the applicable legislation is not forthcoming. In fact, I'm not aware of any closure certificates having been awarded in the mining environment.

This can't be good for an economy beginning for investment. Clearly we need our regulators to deal decisively with the elephant in the room. Back to the closure of Cooke where we pump some 100 million litres of water per day at a cost of around R500 million per annum. Cooke 4 is interconnected with our own Cooke 3 and a neighbouring mine who ironically commissioned the plugs between the mine and Cooke 4 for the purposes of re-watering, again with sound engineering and environmental specialist studies and support.

We ourselves have studied extensively the risks associated with the solution over the past four years and have fought for re-watering from a number of corners including conditional support from the Department of Water & Sanitation and the Federation for Sustainable Environment whose perspective is to manage re-watering whilst the mine is still operational and can be held accountable as opposed to a liquidation and the movement of the liability to the state. We will continue to protect our stakeholders' interests and ensure learnings from Ezulwini mine. And those learnings are embedded into our future operations at Driefontein, Kloof and Beatrix as we close. We can't simply carry on with the same process and expect a different outcome. Things must change, and that requires bold action.

We must start with the end in mind. For us to achieve an agreed safe, stable, non-polluting regional post-mining solution supporting sustainable post-mining communities and conservation areas and ecosystems, I had mentioned earlier Bokomosa Ba Rona and will elaborate on this in the slide coming. The development of this blueprint is a critical success factor and a key outcome that gives meaning for our closure plans. All initiatives including concurrent rehabilitation plan are costed in accordance with our closure strategy and plan. The gold

operations have an annual assessed closure liability of some R4.6 billion of which 83% is funded. Those costs will go towards the closure of the end state.

We have also significantly advanced our concurrent rehabilitation strategy aligned to our closure plans with the transaction with DRDGOLD where we elected tailings assets and plant infrastructure for an equity interest into DRDGOLD. The transaction is key to our surface remediation strategy and environmental rehabilitation programme and more importantly to reduce the impact of tailings dust on local communities and the environment. We are also advancing our footprint reduction exercises with processing of waste rock, the filling of pits as in the Middelvele pits that you can see on your right-hand side where we've leveraged the skills of local communities to fill those pits and eradicate the social ills associated with kids playing in and around, especially in hot summer rainy conditions. We've also looked at the donation of infrastructure where appropriate to local communities and municipalities as part of our infrastructure for impact.

Bokamoso ba Rona means future in Setswana. This is our blueprint of a deliberate transition from a mining economy to a post-mining economy through regenerative agriculture. The BBR programme, as we call it, aspires to build a globally competitive, inclusive, environmentally sustainable and diversified economy with communities on the West Rand through facilitating large-scale development and socio-economic empowerment. This will be achieved through large-scale agro-industrial and renewable energy projects that create and sustain thousands of jobs and an enabling environment for the entry of previously disadvantaged entrepreneurs into the West Rand district municipality of Gauteng.

The programme aspiration will be achieved through the consolidation of supply and demand aggregated resources with an integration of renewable energy. The programme will achieve this by establishing early stage economic development enterprises to prove the concept, followed by large-scale regenerative catalytic agricultural projects with expert operators that bring skills, networks, infrastructure and supply chains with the capacity to create an enabling environment for the entry of small and emerging farmers.

A venture capital fund which is currently being established and capitalised will manage and host the capital used for the implementation of the programme. The investment vehicle will invest in early stage catalytic operations with a long-term investment horizon and high potential for good returns. The large-scale nature of the BBR programme will allow the venture capital fund to diversify its interest across a range of operators and sub sectors producing different agricultural products, enabling it to mitigate some of the inherent risks in the agricultural industry. I will now hand back over to Rich for the conclusion. Thank you.

Richard Stewart

Grant, thank you very much. And to Rich Cox and the rest of the team, thanks very much for sharing that with us. If I could try and just wrap up what has been said and shared with you over the course of the discussions, I think hopefully the first point that you've taken away out of these discussions is that we still have substantial assets. We have great assets. We have a world-class management team. That together means that we have a combination that can continue to add value for a substantial period still to come. I think critically important is these are high-grade operations, and that gives us flexibility to manage them appropriately during inherent downturns.

I think we've heard a lot from Grant and Jevon and the team around embedding ESG and some of the real low hanging fruit and opportunities we have around the environmental possibilities that we have. From my side a significant point is the social side as well which these operations do impact on. As we know in the mining industry the dependants to each one of our employees prior to COVID was roughly ten to one. I dare say today that number could well be higher, which means these operations sustain the livelihoods of over 300,000 people. When we were faced with the tough task that we were in 2018 around the sustainability of these operations, I'm very proud to be part of the team and pleased that we've been able to turn them around, get the operations back onto a stable footing, and to be able to contribute significantly to the surrounding communities and economies in which we operate.

I think thirdly operational excellence, as has been highlighted we have had a tough few years. We have had significant operational disruptions. And it is very pleasing that despite the difficulties of operating under COVID we have now had a few quarters of consistent, steady operation and we are starting to see that coming through to the benefit of the operations and being able to get back to a steady state position, which is critical in operations of this nature to be able to be sustainable going forward.

Cost management is key. I think we are completely aware and open to the fact that these operations are high fixed cost operations in the short term, as Pieter shared with you. I think we're also very open to the fact that while the team is doing some very smart things around continuously improving operations and finding areas of new ground to mine, we are not going to get significant growth out of these assets in the year to come, certainly not significant growth that's going to impact on unit costs. Therefore cost management becomes absolutely critical to being able to survive those tough times and put yourself in a position to have real leverage to gold during the good times. And that is an aspect that requires input and support from all stakeholders.

As you have seen through the presentation we are actively addressing our footprint, looking at ways to increase the efficiencies in which we mine, addressing our overhead costs, looking at new aspects around ESG and power solutions, all of which contribute to reducing that cost base. But to truly get sustainable, all stakeholders need to come to the party and that will position us well to leverage off these assets for a period of time to come.

In terms of capital allocation we have heard about the Burnstone project, and that certainly is a project we believe will add value in the years to come, hence the reason we're investing in that. But also very key to get the capital discipline right in our core operations that remain. Invest appropriately to ensure the efficiency over the remaining life of mine, but also manage that capital in a responsible manner. That will have a positive impact on our all-in sustaining unit costs as we move towards the end of those lives, as Pieter shared with you.

And I guess finally, as Grant has highlighted, I think planning for responsible futures we again are a company that has led in this regard. As Grant mentioned we are probably one of the ones that are ahead in terms of going down the process of looking to close operations. And what we've taken from that there have been some learnings, there have been some school fees, and no doubt that will hold us in good stead going forward. I think a key learning not just for ourselves but for the industry as a whole is that if we want sustainable closure going forward it will take the buy-in and support of all stakeholders. We have all benefitted from this industry and we should all support the responsible closure of this industry for the communities around us.

I dare say and I hope that what you have been left with through our discussion though is that mine planning and closure planning is something that we understand. It is something that technically can be done confidently. It is not something that we fear or that we see as a threat. In fact, contrary to that, I dare say closure is something we embrace as it is a true opportunity to leave our legacy, to leave communities and environments in a better way than what we found them prior to our mining, which is ultimately the legacy we would like to leave. And we look forward to working with all stakeholders to deliver on that to the benefit of the communities in which we operate.

So ladies and gentlemen, once again I think thank you for your time today. I truly hope that we've managed to share with you why we are passionate and excited about our gold business and believe it's still got a lot of value for the future. And we look forward to sharing that same passion and excitement around our PGMs businesses both in South Africa and the US in roughly two weeks' time. I look forward to engaging with you then. So thank you very much. And on that note we will gladly together with Richard and his team take any questions. And I'll hand back to James to coordinate that. Thank you very much again.

James Wellsted

Thank you, Richard, and thanks to everybody for listening. We are now into the final session, Q&A for the next half hour. I do have some carry-over questions from the previous session, so I think let's deal with those first. A couple are similar. The first is dealing with water. Grant, if I can pass those on to you if you don't mind. How have we approached the potential cost of treating polluted water subsequent to closure? Is this included in your rehabilitation provisions and do you allocate funds for water treatment in your rehabilitation trust funds? I will just read them all out first if you don't mind. Cooke incurs significant pumping costs as part of ongoing care and maintenance. What is the quality of this water and what is done with it? What options do you have to offset these costs with respect to gold recovery from tailings and management thereof? I think that's it, Grant. If you don't mind answering those, I think that covers most of the questions relating to water.

Grant Stuart

Good. James, I think the question was from Leroy. Thanks very much for the questions. I will try and unpack them and hopefully if I don't address all of them I'll ask James for help where I have left some out. I think first and foremost we have a considered approach to closure. All of the costs that we're associating with closure have been well backed up by scientific and environmental studies. In other words, those plans are supported by those environmental studies. We do not go and just simply make a statement to say we're going to go and literally re-water where it isn't backed up by science. So in terms of the closure plans, as I say supported by well-considered studies.

In terms of Cooke and its closure study, those studies have supported a re-watering strategy. And as such the cost associated with re-watering is included into our plans. We have also a very clear understanding in terms of the financial provisions that we've put forward that should the water that emanates following the decant or the daylighting of that water when it eventually flows through the eyes back into the pre-mining state that if there is poor quality water associated with that water we have dedicated the surface treatment plants that we already

have on surface in support of cleaning up that water. But as I say, all the scientific evidence and support in terms of the studies that we've done suggest that we will not get poor quality water emanating.

As far as the water that is currently pumped, we currently pump in excess of 100 million litres of water from the Cooke 1, 2, 3 and 4 complex. 75% of that or 75 mega litres of that is discharged under water use license with the cooperation of the Department of Water & Sanitation. As I mentioned in my presentation, we sit on those catchment management forums where we in detail discuss the water quality. I think what's probably more disturbing to understand is that that water is actually diluting the other impacts of other industry and poor or failing municipalities who discharge their sewerage uncontrollably into the integrated Vaal River system. And that's the point that we need to be very clear on and put very clear actions in place to address those ills. But in terms of the water quality, the water quality is good. That's why it's forming part of the conversations we're having with the Bokamoso ba Rona programme to invest in water to support post-mining economic growth.

In terms of other opportunities to support that or support the costs of pumping, the costs of pumping are exorbitant as Pieter mentioned earlier. Probably just for the Cooke complex we're looking at R500 million per annum. But when we decommission those pumps those costs will disappear. There is no need to have any additional sustaining costs. So any other opportunities in terms of reclamation or tailings or other supporting costs will go into other parts of our operation where we have overheads. James, have I addressed all of the questions that you put forward to me?

James Wellsted

Yes, Grant. Thank you. While we're with you there is an additional question that is linked to that regarding the environmental trusts and the funds associated with rehabilitation. The question is are they fully funded to meet future obligations at the SA gold and PGM operations? And there was a follow-up one which was similar. Just give me one second. I think that will cover both of the questions, Grant, if you can answer those.

Grant Stuart

Thanks James. Let me maybe outline very quickly the process that we follow. As I mentioned earlier, carefully considered closure plans in respect of all of our operating footprints. Those plans are then costed independently and a closure provision put forward in respect of closure. As far as our gold operations are concerned we've got a R4.6 billion closure liability of which 83% is funded currently. And we look to the balance with guarantees. Those funds are located in trust funds and are ring-fenced.

But I think also to the point is around concurrent rehabilitation. Obviously as we move towards the end of a life of mine we fund those trust funds to be 100% funded and reduce obviously the reliance on guarantees. But further than that the concurrent rehabilitation of shrinking footprints, which as Pieter also mentioned in his presentation is important to reduce the overhead cost associated with that like security etc. So an important part of our journey to closure is not only the funding of the closure plans but also the concurrent rehabilitation. Thanks James.

James Wellsted

Thank you Grant. The next questions I think I would like to pose to both Neal Froneman and potentially Niël Pretorius as well regarding DRD operations and surface tailings on the West Rand. The first one from Chris Nicholson. Could you comment on the possibility of expanding DRD's operations? Firstly, the West Rand Tailings Retreatment Project, how this links into the Cooke uranium strategy or to the PGM dumps at our PGM operations.

And then the second one from Adrian Hammond which is associated. Does our surface uranium strategy fit together with a larger gold recovery plant as you previously envisaged with regards to the West Rand Tailings Retreatment Project? And what permits are needed to re-mine Cooke tailings for uranium and what options do you have to source a new deposition site and capex related to this? Perhaps I could ask Neal Froneman to maybe start with that.

Neal Froneman

Thanks James. Thanks Chris and Adrian. Again I'll just deal with it at a high level and, Niël, if you wouldn't mind just picking up where I leave off. Let me start strategically in terms of DRD. The block that it is part of in terms of the green metals strategy is not just gold. Tailings retreatment is about producing green metals, in this case gold, down the line of course where it makes sense in the PGM sector. We've said that publicly before. And more recently I think you've heard us talking about other metals from a tailings retreatment point of view.

I'm now talking completely separate to recycling. Of course recycling is a different activity that will bring to the fore other metals. And DRD is our chosen vehicle business to accomplish the tailings retreatment that we are exposed to. We would like DRD to move into other metals. Uranium there is clearly an interface, and Niël can explain how that slots in, the sharing of infrastructure, the mega tailings facility that's being planned on the West Wits which is part of the gold tailings re-treatment strategy but it complements the uranium as well. So let me stop there and say that we will grow together and certainly I think into other commodities as well. Niël, you pick it up there and add what is appropriate. Thanks.

Niël Pretorius

Thank you Neal. I think you pretty much said it all. The planning of infrastructure in the Far West Rand, the second phase of the Far West Rand project the design is such that it will facilitate not just a regional consolidation of gold in the area in terms of scale and in terms of size, but it's also designed in such a way that it does not close any options in terms of other metals, particularly uranium in that particular area. So our design is extensive to be large enough to accommodate all of these things as and when they develop. Implementation however will be incremental. We are sitting at the moment with a 250 million ton resource and initial steps in implementation would be to accommodate that, but in such a way that it's scalable, that it can be expanded. That applies to the tailings facility.

In terms of the design of the plant obviously you're looking at two different products and each one has its own specifications or requirements. There too the design would be such that nothing in terms of future expansion is

excluded. So if uranium comes into the picture at some point in the future then there would be a place for that and the design would be such to accommodate that.

I think what's important to maybe note is how in terms of just the discussion on developing these resources how infrastructure synergy is integral in those discussions. So to talk to Cooke for example, Cooke and the Cooke 4 dump which are the major uranium dumps in that area. Now, if you want to build pipelines connecting those dumps with the rest of the infrastructure on a standalone basis, then clearly your hurdle in terms of uranium price on a standalone basis is fairly high.

But by integrating it with the gold circuit for that matter you're basically diluting the capex by distributing it amongst all of the possible configurations. That's really how we've come together. We are having our conversation along those lines to ensure that to the extent that we can develop synergies to open up these things as soon as possible, and at the same time also position them such that as much of the rehabilitation associated with that footprint can be absorbed and taken care of. That's also brought into the conversation, so a broad synergy exercise.

James Wellsted

Thanks for those answers. Just for Neal Froneman again, some questions which again are on a similar type of topic relating to broader strategy with regard to the gold portfolio. Given the increased push towards battery and green metals, should we assume that we are not looking to grow the gold portfolio outside of South Africa at least in the near term? And similar questions of that nature from some of the other analysts.

Neal Froneman

Thanks James. Absolutely not in the near term. We have said it numerous times that at the moment it's very difficult to find value in the gold sector. I don't see the gold price doubling or tripling. I see battery metals doing that in the not too distant future. And I think as Richard Stewart pointed out, we've got a very good gold base. Yes, we in the longer term do want to grow it – not in the ultra-deep sector – because it is part of the combination of precious and industrial metals. Gold plays its role. But in the near term that is not a focus. I said it at H1 results. But we like gold in the long term, so nothing has changed. Our focus right now is on growing our green metals portfolio and more specifically in battery metals. James, I just wondered if Niël wouldn't want to comment on his appetite for other metals. That was one part of the question where I thought he could add a bit of his view as to where DRD sits with that.

Niël Pretorius

Certainly. Thank you Neal. I'd love to do that. I think the opportunity for DRDGOLD, considering that we represent a group of other shareholders too, the opportunity for DRDGOLD in terms of near-term growth really is as far as we're concerned to align ourselves as closely as possible with the strategy of Sibanye-Stillwater and to slot in behind Sibanye-Stillwater into that slipstream. Our core skill is the retreatment of tailings and configuring infrastructure in such a way that you can deliver tailings at the requisite throughput rate in the requisite condition in terms of densities and so forth, and also set up management systems to treat that material and to

monitor it very closely on an ongoing basis, importantly also to dispose of the tail in a responsible fashion and in line with the contemporary standards. So that's the skill we want to leverage and we certainly want to follow Sibanye where it goes in terms of its foray into other metals.

What we like about the story really is that at the moment we are mining gold by cleaning up the environment. So it's mining by way of rehabilitation. We're using mostly grey water in the process. And one of these days we'll be substituting a lot of the electricity that we use with PV. And I think it just completes that loop if through that same process of mining through rehabilitation one is producing the metals used in the storage and in the generation of green power and contributing in that way to the green economy. I think values-wise and strategy-wise we're 100% aligned and we most certainly want to make sure that we don't fall behind. We want to stay in that slipstream and follow Sibanye-Stillwater into this venture.

James Wellsted

Thanks Niël. Perhaps for Neal Froneman again, a last two on the ESG side. I'm sure you can respond to these two. The first one is as we progress towards more reliance on clean energy sources do we intend to make use of green funding instruments in future? And then the second one from Bruce Williamson regards this move towards more ESG or the focus on ESG and your view on whether global institutional investors are putting unrealistic pressure and targets on the mining industry.

Neal Froneman

Thanks James and Bruce. Hi. Certainly green funding forms a very integral part of our consideration of funding things from new projects to even recycling because of the benefits of that type of funding. So absolutely. I think in terms of ESG and unrealistic pressures I must tell you I think that it's absolutely right to put the pressure on business to up its game in terms of ESG. I don't think there are unrealistic pressures. I think global warming is absolutely real and we all have to step up to the plate. We are extremely fortunate that the current metals we're positioned in, our exposure to tailings retreatment, our exposure to the circular economy of recycling, the PGMs underpinning the future hydrogen economy, our move two years ago to consider battery metals has really positioned us extremely nicely in terms of many of the ESG principles.

Not only that. I think the completion of the process of understanding ESG and moving it into sustainability in terms of how it impacts the entire business, not just those buckets of E, S and G, is something that has taken us further forward. And certainly we don't perceive the push from investors or very specific shareholders or funds as being unrealistic because we've got real solutions. It's not smoke and mirrors. There is no hidden agenda. There is no buying of time. So no, I think if you are in some other commodities such as coal perhaps you don't have plans that are as easy to achieve. Maybe they are financially stretching. You might find those pressures unrealistic. We don't. We're going to participate. We're going to be class leading in this very rapid change that's occurred over the last few years. And more specifically the acceleration post COVID in this area has been enormous. But we've embraced it. We're very well positioned and I don't find the pressure unrealistic at all.

James Wellsted

Thank you Neal. There are a couple of questions from Adrian Hammond on the gold production graphs that we showed in the presentation, the last session. First of all – and I'll direct this at Richard Cox please – could you expand on your plans to grow production from the core gold ops as you show in the slides? Slide 15 I think is the one he's referring to. And how do we reconcile that growth with declining ORD capex?

Richard Cox

Thanks James. Thank you, Adrian, for your question. In the gold ops our objective is to have stable delivery. So other than the K4 drop down opportunity there is no gold growth. And what we have done is we've put together a five year production plan that does show stability. So for us it's just delivering predictably over the five years those 800,000 to 900,000 ounces. And then we do see the ORD decline, so different facets of ORD, a lot of horizontal development that is coming to an end as we develop to the boundaries of the ore body as we expose the reef horizons and what remainder is the marginal development on the reef horizon.

So naturally that would come to an end and decline. That's where we are seeing a lot of opportunity in having fully developed those ore bodies and are now exploiting the reef horizons and then out of pre-existing horizontal development getting a repurposing of that same infrastructure again over newly discovered parts of the ore body for exploitation. A bit of a different methodology. More scattered mining. More going after smaller opportunities. So that's what our production strategy entails over the next five years. So stability, predictability and a lot of focus on cost containment. Thanks James.

James Wellsted

Thanks Richard. Adrian, regarding your question on slide 15 on AISC exceeding R25,000 an ounce, and whether we would need to or are prepared to use our balance sheet to fund capital given where spot is. First of all I just think that just looking at that 2021 is the only year where it's at about R25,000 per ounce. And as we said, this year we're carrying over capex from last year when we had the COVID lockdowns where we were unable to do all of the ore reserve development and maintenance that we'd planned.

We also are still carrying the infrastructure project at Kloof which now capex will reduce over the next few years. So it's only really one year. And to be honest, R25,000 per ounce is effectively R805,000 per kilogram and the gold price has averaged well above that this year and we're currently sitting at spot of R812,000. So it's at a marginal point at this stage at current spot price, but certainly there is no real impact on our balance sheet from having one year of slightly elevated costs. And the profile going down in future will obviously alleviate and create some margin in future.

Maybe Richard Stewart would want to answer this or Richard Cox. The current state of labour relations given the wage negotiations that we're currently going through at our gold operations and what the state of relations with labour is, particularly with AMCU and the AMCU leadership.

Richard Stewart

Thanks very much, James. I think in terms of those relations as we've always stated – and I don't think much has changed – we maintain very credible relations. We are of course engaged in wage negotiations as we speak at our gold operations. Those are carrying on. And I think as you've heard today these are operations that require very strict cost control. That has to be our focus. And in the interests of all stakeholders we have to be able to manage our business during the tough times so that all stakeholders can benefit during upcycles and when times are good. If we don't manage and survive through those tough times, then there's nothing to share when the good times come. Those are the critical discussions that are being had with all stakeholders. I think as always they are credible and we're having good, robust discussions. Thank you James.

James Wellsted

Thanks Richard. Perhaps for Neal Froneman a question around the uranium and Beatrix. First of all from Mudiwa Gavaza at Business Day. Uranium prices are currently at their highest levels since 2014. Do you expect this momentum to continue? And then secondly from Leroy at HSBC. In the event that Beatrix's life is extended, are there any challenges around mining gold and uranium simultaneously?

Neal Froneman

Thanks for those questions. Let me just say in terms of the uranium price, I think this is somewhat a duplication of a previous answer that I gave around gold. I think any metal that is part of let's call it the low carbon or zero carbon emission energy base is going to be in short supply. And I'm talking over ten, 15 years. And again there was an earlier question, James, and I just want to link the same answer to that in terms of the future of PGMs. I think if there's a perception that the internal combustion engine has come to the end of its life and therefore there are question marks around the demand for PGMs in the short or medium term, that's completely wrong.

There is such a shortage of these green metals. And that's why I predict very significant price rises for things like lithium, nickel and so on. And uranium is part of that. I think we're being very conservative talking \$60 a pound. If you can produce the greenest uranium – and of course tailings retreatment is going to be very much part of that – you're going to have a real edge. And I think we're looking forward over the medium term to much higher uranium prices.

I think that the second part of that question relating to additional gold production, absolutely it can be done together. The acquisition of Wits Gold and some of the projects that came with it in the Free State are the type of projects that could come to fruition. A lot of work has been done on modern mining approaches. Perhaps, Dennis, this is where you could step in and give everyone an overview of that in the Free State. James, I think I've covered the two questions. I think, Dennis, you can add a bit to that. Thank you.

Dennis Tucker

The Free State uranium assets are key. They've been mined before. They are shallow. There are some really exquisite new-age autonomous mechanisms out there that will allow us to access those ore bodies fairly rapidly. The Beisa project is ready to roll. We are busy with the cost analysis of Beatrix itself to see what impact adding another project or two or three onto the back of that will make. In the southern Free State mining right there are

a couple of really good, interesting gold projects that will add value to the company under a different cost structure. And that detailed work is happening at the moment. There is a serious life in the Free State and it is our intention to fully unlock all of that and take this to another level. Having said that, it is important to understand that the uranium price is in a completely different place. It's green energy now. It's not the old uranium of the past that everybody was afraid of. It's going to become the base load of the planet. And on the back of that I think we're going to see some surprising price moves. I think that covers it, Neal.

James Wellsted

Thanks Dennis. Just further to that, I guess consistent with that theme, there is a question from Raj Ray at BMO about the visibility on southern Orange Free State projects which we acquired through Wits Gold in 2014/15 and Bloemhoek decline and whether work is continuing on the DFS. Yes, Raj, we have allocated capital. That's in that capital profile for 2021 already and we expect to conclude those studies towards the end of the year. So we will then take it further and make a call on whether we continue with that depth extension which would then increase the life of the Beatrix 3 shaft quite substantially. And I think that's it for now. Can we just check on the lines whether there are any calls on the phone lines?

Operator

No sir, there are no questions on the lines.

James Wellsted

Thank you very much. On that note then I think we'll conclude with the Q&A., perhaps I'll hand over to Neal Froneman for some last words. Thank you Neal.

Neal Froneman

Thanks James. Thank you to everybody that took time to join us for this session. I also want to thank my management team for really delivering what I thought were excellent presentations. It's not so much the delivery. It's really the content of the presentations. And just to conclude, again I think the theme of people through our business, the people that presented, the deep knowledge base, the deep experience and competence base that we have coupled with our ability to create economic value is really an underpin to sustainability and the pivoting into a much greener future. To me it was nice to sit back and hear our gold team and Richard Stewart talk about our gold business. It's a really decent business. And I know that it's overshadowed by the PGMs.

But as I said, the challenges we have specifically on the safety side, it's a cop-out to walk away from these assets. If we can't solve the safety problems, I'm not sure who can. And I back us to solve the safety problems or challenges. I also back us to make those cost differences that were alluded to. And somewhere in the future we will have a bigger gold business, but it's not now. That is not our primary focus. But it is a highly leveraged, well-run business unit. It is important to us. It is part of the insurance that you need with a large exposure to industrial metals. So, James, I think all in all I hope it's been a good session for our listeners. It was certainly a good session

from my point of view. Thank you to everybody and we look forward to seeing you in a few weeks' time when we will discuss a lot of other interesting aspects to our business. Thank you very much.

END OF TRANSCRIPT