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GOLD FIELDS

To: **Chairperson: Minerals Resources Portfolio Committee:**
From: **Kgabo Moabelo Managing Executive: South Africa**
Date: **11 September 2013**
Subject: **Comments: Minerals Petroleum Resources Development Amendment Act**

Chamber Submission

Gold Fields Limited is an unhedged, global producer of approximately two-million ounces of gold per annum from six operating mines on three continents. In South Africa, Gold Fields owns and operates, through various of its subsidiaries, the developing South Deep Gold Mine. Gold Fields is a member of the Chamber of Mines (**"the Chamber"**).

Gold Fields has actively participated in various forums within the Chamber that discussed and sought to make inputs on the proposed amendments to the Mineral and Petroleum Resources Development Act, 2002 (**"MPRDA"**), as set out in the Mineral and Petroleum Resources Development Amendment Bill B15-2013 (**"the MPRDA Amendment Bill"**).

We herewith confirm that:

- on 10 September 2013, the Chamber has submitted its written submissions on the MPRDA Amendment Bill (**"the Chamber Submission"**) to the Chairperson: Minerals Resources Portfolio Committee (**"the Portfolio Committee"**);
- Gold Fields hereby confirms that the Chamber Submission correctly and fully captures the comments made by Gold Fields in relation to the MPRDA Amendment Bill during its participation in the forums referred to above;
- Gold Fields fully supports and aligns itself with the comments and suggestions set out in the Chamber Submission.

In addition to the comments and suggestions set out in the Chamber Submission, Gold Fields wishes to bring under the attention of the Portfolio Committee a few additional comments as set out in this submission. Gold Fields respectfully requests that Portfolio Committee will, in light of the material impact that the MPRDA Amendment Bill may have on



the mining industry in South Africa, seriously and carefully consider these comments and suggestions, in addition to the comments and suggestions set out in the Chamber Submission, in its deliberations on the MPRDA Amendment Bill. In addition, Gold Fields requests that it be afforded the opportunity to attend and, if necessary and appropriate, make oral submissions at the public hearings to be held on the MPRDA Amendment Bill by the Portfolio Committee.

1. Processing of Applications

Gold Fields supports the comments made by the Chamber in this regard and wishes to make the following additional observations:

- the MPRDA Amendment Bill proposes to repeal the existing Section 9 which deals with the first come first serve application process and intends to insert a new Section 9 so as to change the application procedure from one of pure entitlement to lodge an application to one of only being entitled to lodge an application after the Minister has invited such applications, which effectively leads to a tender process;
- the South African tender system has in general been discredited. We therefore respectfully urge the Portfolio Committee to be very cautious in agreeing to introduce a tender-styled mining application system under the MPRDA;
- in light of the above and based on the comments and suggestions set out in the Chamber Submission, we submit that the Chamber's submission in this regard be followed.

2. Closure Certificate

Gold Fields supports the comments made by the Chamber in this regard and wishes to make the following additional observations:

- the MPRDA Amendment Bill proposes that a holder of right continues to be responsible for abandoned operations notwithstanding the issue of a closure certificate;

- we believe that this negates the reasons for applying for a closure certificate. There are also provisions that the Minister must retain portions of financial provision for 20 years after the issuing of a closure certificate. This will have severe implications as financial guarantees are extremely costly to keep in place and this is completely arbitrary and may not fit the facts;
- in light of the above and based on the comments and suggestions set out in the Chamber Submission, we submit that the Chamber's submission in this regard be followed.

3. Section 11 approvals

Gold Fields supports the comments made by the Chamber in this regard and wishes to make the following additional observations:

- we believe that the restriction on the transfer of any interest in an unlisted company is unduly onerous and restrictive. Furthermore to try and control listed entities which are governed by Stock Exchanges is impractical. Once again the ability of a Minister to impose whatever conditions the Minister likes is not good legislation as there is no determining criteria as to what conditions will be imposed by the Minister and how these would be imposed and what the implications would be for any potential purchaser of a right or of a mining company;
- in light of the above and based on the comments and suggestions set out in the Chamber Submission, we submit that the Chamber's submission in this regard be followed.

4. Residue Stock Pile

Gold Fields supports the comments made by the Chamber in this regard and wishes to make the following additional observations:

- the MPRDA Amendment Bill proposes to amend the definition of residue stockpile to include historic mines and dumps created before the implementation of the MPRDA and that existing rights to such historic residues continue for a

period of 2 years during which the holder has an exclusive right to apply for a reclamation permit for a period not exceeding 4 years renewable only once for a period not exceeding 2 years and which right is not transferable;

- this proposal amounts to an effective expropriation of historic residues. However the way "reclamation operations" is being defined, it will also cover existing residues and historic residues so that holders of residue stockpiles in existing mining operations will themselves have to apply for reclamation permits to treat dumps on their own mines which are now currently regarded as residue stockpiles, and in respect of which currently no further permit is required and no third party can apply for a right;
- in light of the above and based on the comments and suggestions set out in the Chamber Submission, we submit that the Chamber's submission in this regard be followed.

5. Beneficiation

Gold Fields supports the comments made by the Chamber in this regard and wishes to make the following additional observations:

- Gold Fields agrees that increasing value addition to South Africa's minerals, based on sound commercial criteria, should help expand economic activity in the economy, raise employment levels and contribute to poverty;
- however, manufacturing beneficiation should not be the responsibility of the mining industry. In fact, mining companies do not necessarily have the skill to enter the manufacturing beneficiation arena and should not be compelled to do so through legislative penalties or other disincentives. Mining companies should be allowed to do what they do best, i.e. prospecting and mining
- manufacturing beneficiation should not be subsidised at the expense of the mining industry, which will only undermine the viability and competitiveness of the mining industry, which is already under stress;

- in order to achieve the government's beneficiation objectives, beneficiators would require comprehensive fiscal and other assistance to create a facilitative environment for beneficiation growth. These include:
 - the adoption of Industrial Development Zones;
 - the continued break down by the DTI of tariff and non-tariff barriers to key markets such as the EU and USA, including:
 - the facilitation by the DTI of greater cooperation between the industry and its relevant SETA in order to encourage skills development in the sector.
- in light of the above and based on the comments and suggestions set out in the Chamber Submission, we submit that the Chamber's submission in this regard be followed.

Yours sincerely,

Kgabo Moabelo

Managing Executive: South Africa