

May 27, 2020

Jake Ford, Unit Manager
Montana Department of Revenue
PO Box 5805
Helena, Montana 59604-5805

Re: 2020 Metal Mines License Tax Allocation (SMC East Boulder Project)

Dear Jake:

Enclosed is a draft copy of the 2020 Annual Allocation of Metal Mines License Tax Revenue to Eligible Counties as specified in Section 1.12 on page 1-9 and Appendix A of the 1998 Hard Rock Mining Impact Plan Amendment for the East Boulder Project. The mineral developer has provided the following data and calculations and is seeking signatures from the impacted counties in the coming weeks.

Based on the CY 2019 production and receipts of the East Boulder Mine, the percentage of the revenues received that are to be allocated by the Montana Department of Revenue to each eligible county in FY 2020 is as follows:

- | | | |
|----|---------------------------|----------------|
| 1. | Sweet Grass County | 69.909% |
| 2. | Park County | 22.036% |
| 3. | Stillwater County | 8.055% |

If possible, please notify Heidi Sampson, Accounting & Fiscal Manager, Management Services Division, Department of Commerce of the amount allocated to each eligible county by June 30, 2020.

Sincerely,



Rachel Young
Board Officer
Hard Rock Mining Impact Board
406.841.2867
Rachel.young@mt.gov

ecc: Kelli Barcus
Jennifer Olson, Division Administrator
Heidi Sampson, Accounting & Fiscal Manager

May 20, 2020

Hard Rock Mining Impact Board
C/o Rachel Young
Montana Department of Commerce
PO Box 200501
Helena, MT 59620

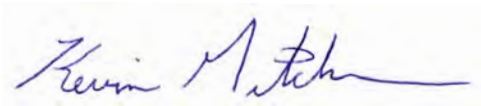
RE: 2020 Metal Mines License Tax Allocation

Hard Rock Mining Impact Board:

Sibanye-Stillwater is pleased to submit the signed copy of the 2020 Annual Allocation of Metal Mines License Tax Revenue to Eligible Counties as specified in Section 1.12 on page 1-9 and Appendix A of the 1998 Hard Rock Mining Impact Plan Amendment for the East Boulder Project. This Annual Allocation of Metal Mines License Tax Revenue is being submitted to the Hard Rock Mining Impact Board for concurrence on the adjustment, approval and then submittal to Montana Department of Revenue.

Thank you for your time and consideration; and please let us know if you have any questions.

Sincerely,



Kevin Mitchum
Environmental Compliance Supervisor
Sibanye-Stillwater

Cc : Sweet Grass County Commissioners
Park County Commissioners
Stillwater County Commissioners



MAY 27 2020

Department of Commerce
Community Development Division

Sibanye-Stillwater
PO Box 1330
536 E. Pike Street
Columbus, MT 59019



kevin.mitchum@sibanyestillwater.com
406.322.8820 (Office)
406.321.0027 (Cell)

APPENDIX A

**2020 ANNUAL ALLOCATION OF METAL MINES LICENSE TAX REVENUE
TO ELIGIBLE COUNTIES**

**PART ONE: IDENTIFY THE TAXPAYING MINE AND THE COUNTIES IDENTIFIED
IN THE APPROVED HARD-ROCK MINING IMPACT PLAN**

Name of Mine: East Boulder - Stillwater Mining Company

**Name of County, or Counties, in Which Ore Body, Mine and Associated Milling Facility
are Located:** Sweet Grass County, Montana

Names of Affected Counties Identified in the Approved Impact Plan:

Sweet Grass County

Names of Potentially Affected Counties Identified in the Approved Impact Plan:

Park County

Stillwater County

**PART TWO: DETERMINE WHICH IDENTIFIED COUNTIES ARE ELIGIBLE TO
RECEIVE METAL MINES LICENSE TAX REVENUE**

- A. ECONOMIC IMPACTS RESULTING IN INCREASED EMPLOYMENT --
COUNTIES IN WHICH MINERAL DEVELOPMENT EMPLOYEES RESIDE:
Identify each affected or potentially affected County *in which Mineral Development
Employees reside, or are expected to reside, as specified in the Impact Plan.* An
employee's place of residence is generally considered to be the *place from which the employee
commutes to the mine or mill on a daily basis*, unless the Plan specifies otherwise, such as if the
employee's normal residence is elsewhere within the impact area.**

Name of County # 1: Sweet Grass County

Residence of Mineral Development Employees? Yes.

Name of County # 2: Park County

Residence of Mineral Development Employees? Yes.

Name of County # 3: Stillwater County

Residence of Mineral Development Employees? Yes.

B. FISCAL IMPACTS RESULTING IN INCREASED COSTS -- COUNTIES WITH IDENTIFIED INCREASED COSTS: Identify each County in which any affected unit of local government has experienced, or is expected to experience, *Increased Costs for Services or Facilities* as a result of the Mineral Development, as specified in the Impact Plan. List the County if the approved impact plan identifies an increased local government cost in *any* local government unit within the County.

Name of County # 1: Sweet Grass County
 Increased Local Government Costs? Yes.

Name of County # 2: Park County
 Increased Local Government Costs? No.

Name of County # 3: Stillwater County
 Increased Local Government Costs? No.

C. ELIGIBLE COUNTIES: List the Counties identified in the Impact Plan that have experienced or will experience increased mineral development employment or increased local government costs, or both, as a result of the mineral development, as shown in A and B above.

Name of County # 1: Sweet Grass County
 Name of County # 2: Park County
 Name of County # 3: Stillwater County

Each affected or potentially affected County in which the Impact Plan identifies fiscal or economic impacts resulting in increased local government costs or increased employment is eligible to receive metal mines license tax revenue.

PART THREE: DETERMINE THE NUMBER AND PERCENTAGE OF MINERAL DEVELOPMENT EMPLOYEES IN EACH COUNTY.

A. TOTAL NUMBER OF MINERAL DEVELOPMENT EMPLOYEES: Identify the average number of persons employed by the developer or its contractors or subcontractors in the construction or operation of the mine or its associated milling facility during the preceding calendar year.

# Local Employees	289	% Local Employees	61.49%
# In-migrating Employees	181	% In-migrating Employees	38.51%
TOTAL # EMPLOYEES	470		100 %

B. NUMBER OF MINERAL DEVELOPMENT EMPLOYEES BY COUNTY OF RESIDENCE: Identify the *Number of Mineral Development Employees residing in each affected or potentially affected County.*

Name of County # 1: Sweet Grass County

# Local Employees	66
# In-migrating Employees	65
Total # Mineral Development Employees in County # 1:	131

Name of County # 2: Park County

# Local Employees	97
# In-migrating Employees	48
Total # Mineral Development Employees in County # 2:	145

Name of County # 3: Stillwater County

# Local Employees	27
# In-migrating Employees	26
Total # Mineral Development Employees in County # 3:	53

C. NUMBER OF MINERAL DEVELOPMENT EMPLOYEES RESIDING IN ALL ELIGIBLE COUNTIES: Add the number of employees residing in the eligible counties identified above. This total may be less than the number of mineral development employees identified in A above, because some employees, usually a relatively small number, may live outside the impact area.

of Mineral Development Employees Residing in Eligible Counties: 329

D. PERCENTAGE OF MINERAL DEVELOPMENT EMPLOYEES RESIDING IN EACH ELIGIBLE COUNTY: Calculate the *percentage of mineral development employees residing in each identified county.* Divide the number of mineral development employees residing in each eligible county (item B above) by the total number of mineral development employees residing in all eligible counties (item C above).

Name of County # 1: Sweet Grass County

131 # Min Dev Employees Residing in County # 1, divided by
329 # Min Dev Employees Residing in All Eligible Counties =
0.39818 or 39.818%

% of Mineral Development Employees Residing in County # 1 = 39.818%

Name of County # 2: Park County

145 # Min Dev Employees Residing in County # 2, divided by
329 # Min Dev Employees Residing in All Eligible Counties =
0.44073 or 44.073%

% of Mineral Development Employees Residing in County # 2 = 44.073%

Name of County # 3: Stillwater County

53 # Min Dev Employees Residing in County # 3, divided by
329 # Min Dev Employees Residing in All Eligible Counties =
0.16109 or 16.109%

% of Mineral Development Employees Residing in County # 3 = 16.109%

NOTE: These calculations should account for 100% of the mineral development employees who reside in an affected or potentially affected unit of local government identified in the impact plan.

PART FOUR: DETERMINE THE AMOUNT AND PERCENTAGE OF INCREASED COST IN EACH COUNTY.

- A. MINE-LIFE or LIFE OF MINE: Identify the period of time considered as mine-life for purposes of these calculations. Specify the number of years included and the beginning and ending dates.** [The projection of mine-life may be uncertain. If the parties to the Impact Plan prefer, they may, initially, base their calculations on a potential mine life that begins with the anticipated or actual commencement of activity under an operating permit and extends at least through the sixth full year after the year in which the mine reaches full production. As part of the annual process of adjusting the impact plan to update this Addendum, the identified mine-life period and the calculation of increased costs over time can be adjusted to reflect the most current expectations of probable mine-life.]

Mine-Life is estimated through 2054 based on current proven and probable reserves.

- B. INCREASED COSTS BY COUNTY: List the TOTAL of All Increased Local Government Costs Identified in All Local Government Units in Each County Over the Life of the Mine.** [As costs incurred during the life of the mine, include all costs identified in the impact plan for which impact payments are made in anticipation of, but prior to, actual commencement of construction, including, if identified in the impact plan, any financial assistance for preparing for and evaluating the impact plan, as authorized by 90-6-307, MCA.]

Name of County # 1: Sweet Grass County

Increased Costs to Local Government Units in County # 1: **\$ 3,248,516**

Name of County # 2: Park County

Increased Costs to Local Government Units in County # 2: **\$ -0-**

Name of County # 3: Stillwater County

Increased Costs to Local Government Units in County # 3: **\$ -0-**

C. TOTAL MINE-LIFE INCREASED LOCAL GOVERNMENT COSTS IDENTIFIED IN IMPACT PLAN: Add the increased costs for all eligible counties.

Total Mine-life Increased Costs in All Eligible Counties: \$ 3,248,516

D. PERCENTAGE OF INCREASED COSTS OCCURRING IN EACH ELIGIBLE COUNTY: Calculate the percentage of increased costs occurring in each identified county. Divide the increased costs in each county (section B) by the total increased costs for all eligible counties (section C).

Name of County # 1: Sweet Grass County

\$ 3,248,516 Increased Local Government Costs in County # 1, divided by
\$ 3,248,516 Increased Local Government Costs in All Eligible Counties =
1.0 or 100 %

Percentage of Increased Costs Occurring in County # 1 = 100 %

Name of County # 2: Park County

\$ -0- Increased Local Government Costs in County # 2, divided by
\$ 3,248,516 Increased Local Government Costs in All Eligible Counties =
0 or 0 %

Percentage of Increased Costs Occurring in County # 2 = 0 %

Name of County # 3: Stillwater County

\$ -0- Increased Local Government Costs in County # 3, divided by
\$ 3,248,516 Increased Local Government Costs in All Eligible Counties =
0 or 0 %

Percentage of Increased Costs Occurring in County # 3 = 0 %

NOTE: These calculations should account for 100% of the increased local government costs in all affected units of local government in all affected counties identified in the impact plan.

PART FIVE: PERCENTAGE OF METAL MINES LICENSE TAX REVENUE TO BE ALLOCATED TO EACH ELIGIBLE COUNTY: Using the data shown above, calculate the percentage of metal mines license tax revenue to be allocated to each eligible County. Add each county's cost and employment percentages and divide by two, to give equal weight to increased costs and increased employment.

NAME OF COUNTY # 1: Sweet Grass County

Increased Costs: 100 % of Total in All Eligible Counties

Increased Employment: 39.818 % of Total in All Eligible Counties

Add the two percentages: 139.818% and Divide by 2 =

***** PERCENTAGE OF REVENUE TO ALLOCATE TO COUNTY # 1: 69.909%**

NAME OF COUNTY # 2: Park County

Increased Costs: 0 % of Total in All Eligible Counties

Increased Employment: 44.073% of Total in All Eligible Counties

Add the two percentages: 44.073% and Divide by 2 =

***** PERCENTAGE OF REVENUE TO ALLOCATE TO COUNTY # 2: 22.036%**

NAME OF COUNTY # 3: Stillwater County

Increased Costs: 0 % of Total in All Eligible Counties

Increased Employment: 16.109% of Total in All Eligible Counties

Add the two percentages: 16.109% and Divide by 2 =

***** PERCENTAGE OF REVENUE TO ALLOCATE TO COUNTY # 3: 8.055%**

***** TOTAL PERCENTAGE ALLOCATED: 100 %**

NOTE: The total percentage to be allocated should equal 100 percent.

For Purposes of the Allocation of Metal Mines License Tax Revenues Received and Allocated by the Montana Department of Revenue in Calendar Year 2020, Allocation is based on the Production and Receipts of the East Boulder Mine for Reporting Periods Ending December 31 and June 30.

We, the Undersigned, Have Reviewed and Concurred in the Data and Calculations Appearing in the Attached Addendum to the Hard-Rock Mining Impact Plan,

AUTHORIZED SIGNATURES:

County # 1: Sweet Grass County Date signed 5-19-20
William Walker, Chair, Board of County Commissioners
M. D. [unclear], Commissioner
[unclear], Commissioner

County # 2: Park County Date signed 5/19/20
[unclear], Chair, Board of County Commissioners
[unclear], Commissioner
[unclear], Commissioner

County # 3: Stillwater County Date signed 5-19-20
[unclear], Chair, Board of County Commissioners
[unclear], Commissioner
Absent for Signature, Commissioner

Mineral Developer Kevin Mithun Date signed 5/13/2020
(Authorized Representative of Mineral Developer)

Submitted to Hard-Rock Mining Impact Board by Kevin Mithun
Date submitted 5/20/2020
Date received _____

Concurred in or Approved by HRMI Board: _____
(Signed: Chair, Hard-Rock Mining Impact Board)
Date of Board action: _____ Date signed _____

Submitted to Montana Department of Revenue for Board by: _____
Date submitted _____