CHIEF FINANCIAL OFFICER'S REPORT

Charl Keyter

Chief Financial Officer

HIGHLIGHTS

- Revenue of R45.9 billion, up 47% from 2016 following the inclusion of the Aquarius and Rustenburg operations for 12 months and Stillwater operations for eight months
- US$1 billion rights offer concluded in May 2017 – almost five times oversubscribed
- Realised synergies of R1 billion in 14 months at the SA PGM operations – well ahead of our stated target of R800 million over three to four years
- US$1.05 billion corporate bonds issued in June 2017 comprising two tranches: a US$500 million five-year (non-call 2) note that carries a 6.125% coupon and a US$550 million eight-year (non-call 4) note that carries a 7.125% coupon
- SA gold operations successfully restructured for sustainability
- A US$450 million six-year convertible bond issued in September 2017 that carries a 1.875% coupon
- US Tax reforms – Federal tax rate reduced from 35% to 21%
- Production and cost guidance achieved

OVERVIEW 2017

Sibanye-Stillwater has, over the past two years, moved from being a gold only company to a uniquely positioned, global, geographically diversified, precious metals producer. The year 2017 was dominated by the acquisition and integration of Stillwater Mining Company (Stillwater) and associated financing of the transaction.

The first step in the financing of the Stillwater acquisition for cash was the syndication of the US$2.65 billion loan, which launched in January 2017 and was oversubscribed by more than US$1 billion. The second step involved the take-out of the bridge financing through a US$1 billion rights offer, a US$1.05 billion dual tranche corporate bond and a US$450 million senior unsecured guaranteed convertible bond. We were very pleased with the support we received through multiple times oversubscription on all three financing alternatives. We further believe that the pricing on both the debt instruments was competitive despite the release of Mining Charter 3 on the eve of the launch of the US$1.05 billion dual tranche corporate bond.

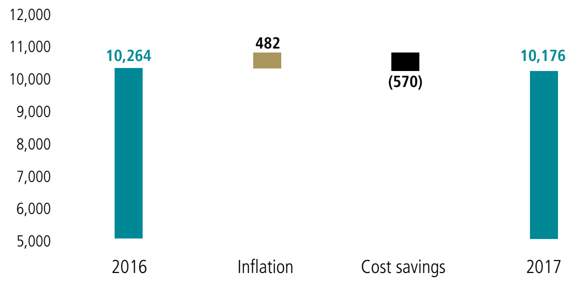
Our rapid growth in the PGM sector, which started with the acquisitions of Aquarius Platinum Limited (Aquarius) and the Rustenburg operations in 2016, followed by the acquisition of Stillwater in 2017, has introduced a significant debt component into the business. Net debt[1] at the end of the year, following the purchase consideration of Stillwater of R28.8 billion, increased from R6.3 billion in 2016 to R23.2 billion in 2017. Our main leverage ratio of net debt:adjusted EBITDA increased from 0.6 times at the end of 2016 to 2.6 times at the end of 2017.

From an operational perspective, the 2017 financial year was negatively impacted by a 9% lower rand gold price received. The impact of the lower rand gold price received, together with lower gold output at Driefontein, Beatrix and Cooke, resulted in reduced revenue from the gold operations of R4.0 billion during 2017. The average basket price received at the SA region's PGM operations was marginally higher at R12,534/4Eoz in 2017, compared with R12,209/4oz in 2016. The marginally higher 4E basket price received and the inclusion of the Aquarius and Rustenburg assets for a full year resulted in revenue from the SA PGM operations increasing by R9.5 billion. The US PGM operations (Stillwater assets) were included in our results from May 2017 and contributed US$688 million (R9.1 billion) in revenue.

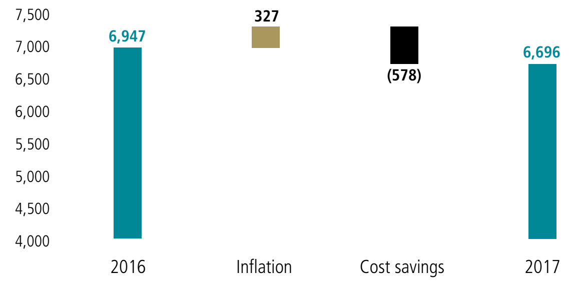
Cost performance at the SA PGM operations was particularly pleasing during 2017. The AISC per 4Eoz at Kroondal, Platinum Mile and Rustenburg reduced year on year following an intensive effort to drive the synergy cost savings identified. After accounting for inflation, the AISC reduced by R570/4Eoz, R578/4Eoz and R886/4Eoz respectively at Kroondal, Platinum Mile and Rustenburg. Unit costs at Mimosa, a 50% equity-accounted investment reduced from US$765/4Eoz in 2016 to US$735/4Eoz in 2017. Unit costs at the SA Gold operations were primarily affected by the unsustainably high costs associated with the Cooke operations. These were placed on care and maintenance at the end of October 2017, following a Section 189 labour rationalisation process. The AISC (excluding the Cooke operations), amounted to R468,060/kg in 2017 compared with R450,152/kg in 2016, a 4% increase year on year. The AISC at the US PGM operations for 2017 was in line with 2016 at US$651/2Eoz.

Capital expenditure increased from R4.2 billion in 2016 to R6.1 billion in 2017. Capital expenditure at the SA gold operations declined from R3.8 billion in 2016 to R3.4 billion, mainly due to lower expenditure at the Burnstone project, and a decision to stop capital expenditure at the Cooke operations based on their profitability. Capital expenditure at the SA region's PGM operations increased from R0.3 billion in 2016 to R1.0 billion in 2017, mainly due to the inclusion of the Aquarius and Rustenburg operations for the full year. Capital expenditure at the US PGM operations for the eight months was US$124 million (R1.7 billion) of which US$67 million (R0.9 billion) was spent on the Blitz project.

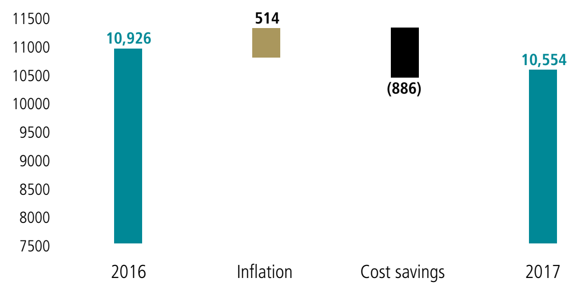
Kroondal: AISC (R/4E oz)



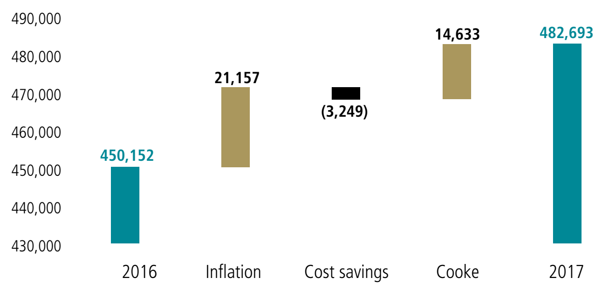
Platinum Mile: AISC (R/4E oz)



Rustenburg: AISC (R/4E oz)



SA region gold operations: AISC (R/kg)



CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Summarised consolidated income statement – for the year ended 31 December

Figures in million - SA rand	2017	Revised 2016 [4]
Revenue	**45,912**	31,241
Cost of sales	**(42,182)**	(24,751)
Finance expense	**(2,972)**	(903)
Loss on financial instruments	**(1,114)**	(1,033)
Impairments	**(4,411)**	(1,381)
Occupational healthcare expense	**(1,107)**	–
Gain on acquisition	**–**	2,179
Restructuring costs	**(730)**	(188)
Net other	**(377)**	(353)
(Loss)/profit before royalties and tax	**(6,981)**	4,811
Royalties	**(399)**	(566)
(Loss)/profit before tax	**(7,380)**	4,245
Mining and income tax	**2,947**	(1,202)
(Loss)/profit for the year	**(4,433)**	3,043
Attributable to:		
Owners of Sibanye-Stillwater	**(4,437)**	3,474
Non-controlling interests	**4**	(431)
Earnings per share attributable to owners of Sibanye-Stillwater		
Basic earnings per share - cents	**(229)**	225
Diluted earnings per share - cents	**(229)**	225

The Group's **revenue** increased by 47%. This includes R13,276 million from the SA PGM operations and R9,162 million from the US PGM operations. The increase at the SA PGM operations was mainly due to the inclusion of R10,221 million from the Rustenburg operations for the full year in 2017 compared with R1,656 million for two months in 2016.

Revenue from the SA gold operations decreased by 15% driven by the average rand gold price, which decreased by 9%, and the volume of gold sold, which decreased by 7%. The decrease in the average rand gold price from R586,319/kg in 2016 to R536,378/kg was due to the 9% stronger rand of R13.31/US$ in 2017 compared with R14.68/US$ in 2016.

Cost of sales increased by 70%. This includes R12,353 million from the SA PGM operations and R8,443 million from the US PGM operations. The increase at the SA PGM operations was mainly due to the inclusion of R9,581 million from the Rustenburg operations for the full year in 2017 compared with R1,641 million for two months in 2016. The cost of sales at the SA gold operations increased by 3% due to above inflation wage and other cost increases, partly offset by the cessation of underground operations at Cooke.

The **finance expense** increased to R2,972 million from R903 million. The increase was primarily due to the increase in average indebtedness to fund the Stillwater acquisition. Sibanye-Stillwater's average outstanding gross debt, excluding the Burnstone Debt, was approximately R16.2 billion in 2017 compared with approximately R4.6 billion in 2016.

The **loss on financial instruments** of R1,114 million was mainly impacted by the increased profitability at the Rustenburg operations resulting in an increased purchase price based on 35% of future cash flows (R469 million), increased dividend expectations for our 26% BEE partners (R153 million) and a decrease in the Anglo American Platinum receivable which afforded us up to R800 million downside protection (R468 million).

In view of sustained losses at the Cooke operations and at Beatrix West, and despite extensive efforts to improve productivity and reduce cost structures a decision was taken during the six months ended 30 June 2017 to **impair** the mining assets at Cooke 1, 2 and 3 by R2,187 million and Beatrix West by R604 million. Following the announcement of the DRDGOLD Transaction, and the low uranium price environment, a decision was taken to impair the WRTRP exploration and evaluation assets, and allocated goodwill by R1,344 million. In addition, as no further exploration expenditure is planned for 2018, a decision was taken to impair the De Bron Merriespruit exploration and evaluation asset by R227 million.

As a result of the progress made by the Occupational Lung Disease Working Group and engagements with affected stakeholders since 31 March 2017, management is now in a position to reliably estimate the Company's potential share of a possible **settlement of the class action claims and related costs** against the South African gold mining industry. The Company has provided R1,107 million before tax.

The cessation of mining at the Cooke operations and restructuring at the Rustenburg operations contributed **restructuring costs** of R730 million.

The **deferred tax** decreased to a credit of R3,451 million from a charge of R90 million, which was mainly due to the impact of the Tax Cuts and Jobs Act in the United States, signed into legislation on 22 December 2017. As a result the deferred tax rate changed from 37.7% to 24.2% and a deferred tax benefit of US$205 million (R2,532 million) was recognised.

Summarised consolidated statement of financial position – at 31 December

Figures in million - SA rand	2017	Revised 2016[4]
ASSETS		
Non-current assets	**64,067**	34,018
Property, plant and equipment	**51,445**	27,241
Goodwill	**6,396**	936
Equity-accounted investments	**2,244**	2,157
Environmental rehabilitation obligation funds	**3,492**	3,101
Other receivables	**284**	355
Deferred tax assets	**206**	228
Current assets	**12,005**	7,703
Inventories	**3,527**	677
Trade and other receivables	**6,198**	5,748
Other receivables	**35**	310
Tax receivable	**183**	–
Cash and cash equivalents	**2,062**	968
Total assets	**76,072**	41,721
EQUITY AND LIABILITIES		
Total equity	**23,998**	16,469
Non-current liabilities	**43,636**	18,995
Borrowings	**23,992**	8,222
Derivative financial instrument	**1,094**	–
Environmental rehabilitation obligation	**4,679**	3,982
Post-retirement healthcare obligation	**11**	16
Occupational healthcare obligation	**1,153**	-
Share-based payment obligations	**422**	246
Other payables	**3,760**	1,614
Deferred tax liabilities	**8,525**	4,915
Current liabilities	**8,438**	6,257
Borrowings	**1,658**	752
Occupational healthcare obligation	**1**	–
Share-based payment obligations	**12**	235
Trade and other payables	**6,690**	5,181
Other payables	**42**	–
Tax and royalties payable	**35**	89
Total equity and liabilities	**76,072**	41,721

During 2017, Sibanye-Stillwater acquired Stillwater for US$18 per share in cash, or US$2,200 million in aggregate.

Figures in million - SA rand	US dollar	SA rand
Consideration	**2,201**	28,751
Less: Fair value of identifiable net assets acquired	**1,751**	22,877
Property, plant and equipment	**2,293**	29,949
Other non-current assets	**7**	91
Inventories	**160**	2,085
Current investments	**279**	3,642
Cash and cash equivalents	**137**	1,792
Other current assets	**37**	487
Environmental rehabilitation obligation	**(24)**	(312)
Deferred tax liabilities	**(573)**	(7,486)
Other non-current liabilities	**(20)**	(260)
Borrowings	**(455)**	(5,938)
Trade and other payables	**(88)**	(1,150)
Other current liabilities	**(2)**	(23)
Goodwill	**450**	5,874

The acquisition of Stillwater was financed by a US$2.65 billion bridge loan (Stillwater Bridge Facility). The Stillwater Bridge Facility was repaid through the US$1 billion rights offer, US$1.05 billion dual tranche corporate bond and US$450 million convertible bond. The convertible bond includes an option component, that is recognised as a derivative financial instrument.

Gearing

Figures in million - SA rand	2017	2016
Borrowings[1]	**25,206**	7,221
Cash and cash equivalents[2]	**2,030**	928
Net debt[3]	**23,176**	6,293
Adjusted EBITDA	**9,045**	10,270
Net debt[3]: adjusted EBITDA (ratio)	**2.6**	0.6

[1] Borrowings are only those borrowings that have recourse to Sibanye-Stillwater. Borrowings, therefore, exclude the Burnstone Debt and include the derivative financial instrument

[2] Cash and cash equivalents exclude cash of Burnstone

[3] Net debt represents borrowings and bank overdraft less cash equivalents. Borrowings are only those borrowings that have recourse to Sibanye-Stillwater and therefore exclude the Burnstone Debt and include the derivative financial instrument. Net debt excludes Burnstone cash and cash equivalents

[4] The comparatives for 2016 have been revised retrospectively in terms of IFRS 3 Business Combinations after the acquisition accounting of the Rustenburg operations was finalised, and the earnings per share calculations for 2013 to 2016 have been adjusted retrospectively as required by IAS 33 earnings per share to reflect the bonus elements of the rights issue and capitalisation issues

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

FOCUS AREAS – 2018

The deleveraging of the company will be the primary focus through cash flow generation, earnings growth and alternative financing solutions which may include pipeline financing and metal streams. In order to maintain adequate liquidity, the refinancing and upsizing of the US$350 million RCF, maturing on 23 August 2018, to US$600 million, has been launched. The facility has been fully syndicated with a group of eight international banks having provided commitment letters. The facility documentation is expected to be executed by the end of March 2018. The terms and conditions largely mirror the current US$350 million RCF which is US$92 million drawn as at 31 December 2017. On successful completion an additional US$250 million (R3,000 million) of committed unutilised financing would be available.

The debt maturity profile for the group is illustrated in figure 1. An indicative deleveraging profile using various commodity prices and exchange rates is shown in figure 2 and indicates the estimated time frame under the various assumptions for us to reach our internal target of 1 times net debt:adjusted EBITDA.

In addition, the recent strong performance of the rand against the dollar continues, putting pressure on our SA gold and PGM operations. We are well within our current net debt to EBITDA covenant of 3.5 times which reverts back to 2.5 times after the end of 2018. Regional management is in the process of replanning these operations to enable us to operate and meet our commitments in a sustained low rand commodity price environment.

ACKNOWLEDGEMENT

I continue to be supported by a strong and diligent finance team across the Sibanye-Stillwater group. The group has been able to mitigate some of the adverse consequences relating to the volatile global environment in which we operate, through proactive responses by the financial team. We continue to provide relevant, qualitative information and reporting to all our stakeholders that reflect our objectives and values. I would like to take this opportunity to thank the financial team for their unwavering support and look forward to 2018.

Charl Keyter
Chief Financial Officer
29 March 2018

Figure 1: Debt maturity profile as at 31 December (R million)

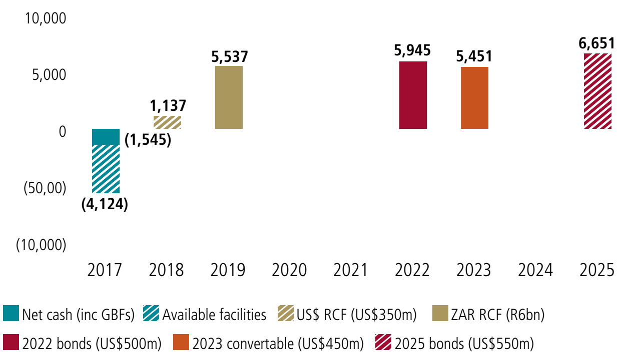
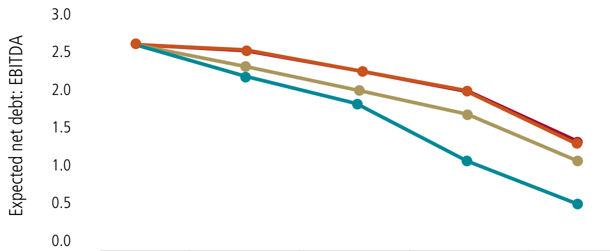


Figure 2: Debt maturity profile as at 31 December 2017



2017	2018	2019	2020	2021
2.56 x	2.14 x	1.78 x	1.02 x	0.45 x
2.56 x	2.27 x	1.96 x	1.64 x	1.02 x
2.56 x	2.49 x	2.22 x	1.95 x	1.28 x
2.56 x	2.48 x	2.22 x	1.94 x	1.24 x

Consensus – Jan 2018 Spot 30 Jan 2018 Spot 13 Feb 2018 Budget 2018

Source: Bloomberg, company forecasts