CHIEF FINANCIAL OFFICER'S REPORT

Charl Keyter
Chief Financial Officer

HIGHLIGHTS

44%

increase in revenue to R73 billion (US$5 billion) and R433 million (US$30 million) profit for 2019 (2018: loss of R2.5 billion or US$191 million)

Business significantly de-risked – net debt: adjusted EBITDA[1] reduced to 1.25x (from 2.5x at end June 2019), well below debt covenants

Substantial increase in both the SA PGM and US PGM operations' adjusted EBITDA[2]. SA gold operations affected by strike in the first half of 2019

R5.5bn

of the R6bn revolving credit facility (RCF) refinanced in October 2019

Lonmin transaction completed in June 2019

[1] *Net debt: adjusted EBITDA includes the Marikana operations seven-month actual consolidated EBITDA, which was extrapolated to a full 12-month period as allowed in terms of the debt covenant calculation rules*

[2] *The Group reports adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) based on the formula included in the facility agreements for compliance with the debt covenant formula. For a reconciliation please refer to the consolidated financial statements, note 26.9: capital management, available on https://www.sibanyestillwater.com/news-investors/. The 1.25x includes Marikana for 12 months as per the covenant definition*

OVERVIEW 2019

There was a stark difference in the financial performance of the Group between the first half and the second half of the year. The financial results in the first half of 2019 were severely impacted by the strike at the SA gold operations, which began in November 2018 as well as the change in the processing agreement at the Rustenburg PGM operations from purchase of concentrate agreement (POC) to a toll processing arrangement, which resulted in a build-up of processing inventory and a deferral of sales for an extended period. In contrast, the financial results for the second half of 2019, were boosted by the inclusion of the Marikana operations (formerly Lonmin Plc) following its acquisition in June 2019, rising commodity prices and depreciation of the rand against the US dollar.

The wage related strike at our SA gold operations, which began in November 2018 was concluded on 17 April 2019. The strike was followed by an extended safe production buildup due to the reintegration of the workforce that included medical assessments, retraining and the making safe of underground working places, some of which had been out of operation for five months. Gold production at the SA gold operations normalised during the fourth quarter of 2019. The change from POC to toll processing agreement at our Rustenburg PGM operations resulted in no revenue being recognised, on platinum, palladium, rhodium and gold, for the first three to four months (dependent on the metal) of 2019. Previously revenue could be recognised when the concentrate was delivered and sold, however, following the change to a tolling arrangement, sales are now recognised only after the metal is refined, returned and sold to a third party.

During 2019, the SA gold operations were restructured through a S189 consultation process as a consequence of ongoing financial losses experienced at the Beatrix and Driefontein mines. This process was concluded on 5 June 2019. The SA PGM operations wage negotiations, and the downsizing of the Marikana operations, which was concluded on 16 January 2020 without incident, illustrated the result of our firm approach and well-timed fundraising initiatives during the gold strike.

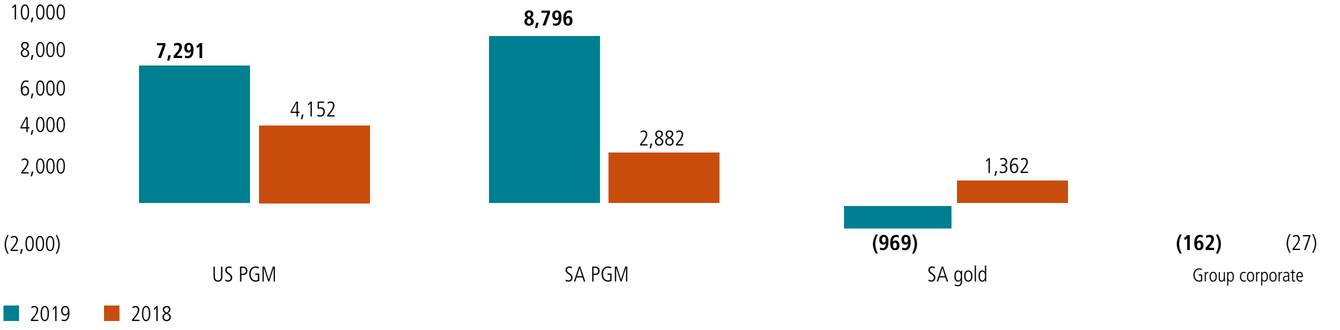
The average PGM basket price for the second half of the year improved 17% and 21%, respectively for our US PGM operations and SA PGM operations. At our SA gold operations, the average gold price increased by 9% compared to the first half of 2019. The SA and US PGM basket price increase was mainly due to increased palladium and rhodium prices. During the second half of 2019, the 3% weakening of the SA rand against the US dollar also contributed to increased revenue from our South African assets.

"There was a stark difference in the financial performance of the Group between the first half and the second half of the year."

The Group's adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA) for 2019 was R14,956 million, compared to R8,369 million in 2018 representing a 79% increase year-on-year. The adjusted EBITDA from the US PGM operations increased by 76% to R7,291 million, representing a 49% (2018: 50%) contribution to Group adjusted EBITDA, mainly due to the increased PGM basket price complemented by comparable PGM production quantities year-on-year. The contribution from the SA PGM operations has also increased substantially, due to the improved SA rand PGM basket price, a sustained operational performance together with the inclusion of the Marikana operations for seven months since acquisition in June 2019.

In 2019, the SA PGM operations contributed 59%, or R8,796 million of Group adjusted EBITDA, up from 34% in 2018, with the Marikana operations contributing 16% in 2019. Despite a 21% increase in the average SA rand gold price received year-on-year, the impact of the strike and other unanticipated operational disruptions, caused production from the SA gold operations excluding DRDGOLD, to decrease by 11,329kg (364,236oz), resulting in adjusted EBITDA from the SA gold operations declining by 171% to an adjusted EBITDA loss of R969 million. The SA gold operations excluding DRDGOLD contributed an adjusted EBITDA loss in 2019 compared with a positive 16% contribution in 2018. DRDGOLD contributed 6% (2018: less than 1%) to Group adjusted EBITDA mainly due to their inclusion for the full year (2018: 5 months) and the increased production following the commissioning of Far West Gold Recoveries project in April 2019.

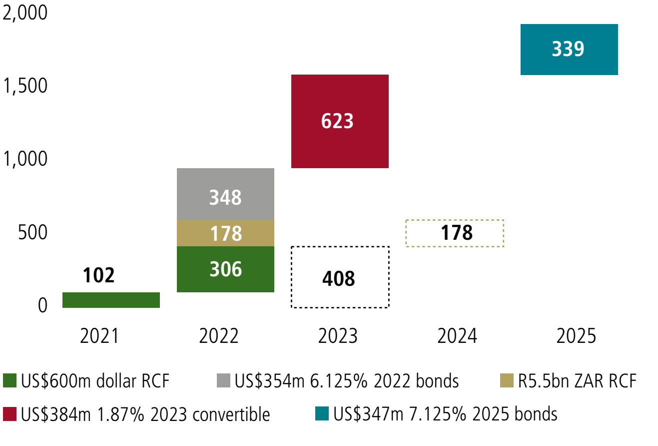
Adjusted EBITDA 2019 vs 2018 (R million)



Note: The graph above compares the adjusted EBITDA for 2019 against 2018 for the US PGM, SA PGM, SA gold operations and Group corporate.

The liquidity of the Group was bolstered through the completion of a R1.7 billion (US$120 million) share placing and the conclusion of a forward gold sale arrangement to raise approximately R1.8 billion (US$125 million) on 10 April and 11 April 2019, respectively. The funding was raised to enhance balance sheet flexibility and ensure that the Group was appropriately positioned and sufficiently robust to endure any exogenous challenges. Shortly after the transactions were announced, AMCU's strike at the SA gold operations was successfully resolved, validating the pre-emptive strategic decision to raise the capital. The liquidity of the Group was further maintained through the refinancing, on similar terms, of the three-year R6.0 billion revolving credit facility (RCF) in October 2019. The new RCF has an initial facility value of R5.5 billion and includes a R2 billion accordion option that allows for a future upsize to R7.5 billion, while the three-year tenor can be extended by two further one-year extensions. Six of the eight US$ RCF lenders (i.e. US$450 million of the US$600 million facility) agreed to the first one-year extension option under the US$ RCF. The forward gold sale arrangement of R1.8 billion (US$125 million) was settled through gold delivery during 2019. On 21 October 2019, Sibanye-Stillwater concluded a forward gold sale arrangement where the Group received a cash prepayment of R1.1 billion in exchange for the future delivery of 8,482 ounces (263.8 kilograms) of gold every two weeks from 10 July 2020 to 16 October 2020 subject to an initial reference price of R17,371/oz comprising 80% of the prevailing price on execution date.

Adjusted debt maturity ladder as at 31 December 2019 (US$ million)



The above graph illustrates the adjusted debt maturity ladder (i.e. the capital repayment profile) as at 31 December 2019. Adjusted debt values are calculated in accordance with the RCF covenant calculations, and therefore exclude non-recourse debt and capitalised operating leases. Six of the eight USD RCF lenders (i.e. 75%) have approved the first one year extension option under the facility, hence 25% of the facility utilisation (i.e. US$102 million) matures in April 2021 and 75% of the facility utilisation (US$306 million) matures in April 2022. In April 2020 all of the USD RCF lenders will have the option to consider extending the facility maturity to April 2022. The ZAR RCF similarly has two one-year extension options that would be considered by the lenders in due course, and could ultimately extend the November 2022 maturity date to November 2024. The June 2022 high yield bonds (US$354 million nominal value and US$348 million book value) are therefore expected to be the next debt maturity in June 2022.

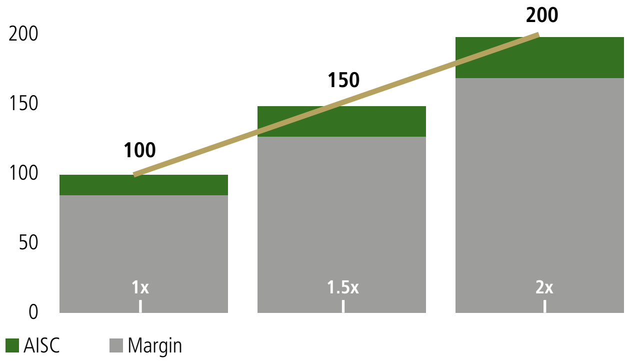
CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

From an operational perspective, the average US dollar basket price received at the US PGM operations was 39% higher at US$1,403/2Eoz compared to US$1,007/2Eoz in 2018. Total 2E PGM production at 593,974oz was flat compared to 2018, due to geotechnical constraints, mainly at the Stillwater operation and the Blitz project. The average SA rand basket price received at the SA PGM operations was 44% higher at R19,994/4Eoz in 2019, compared with R13,838/4Eoz in 2018. The SA PGM operations, including the Marikana operations from June 2019, performed strongly with 4E PGM production of 1,608,332oz in 2019, compared to 1,175,672oz in 2018. The SA rand gold price received for 2019 was 21% higher at R648,662/kg compared to R535,929/kg in 2018. The impact of the prolonged strike and the cessation of production at unprofitable shafts at the Beatrix and Driefontein operations caused production from the SA gold operations, excluding DRDGOLD to decrease by 11,329kg (364,236oz) to 23,427kg (753,194oz).

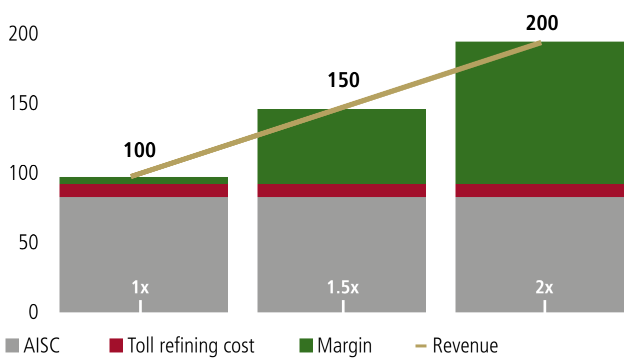
The all-in sustaining costs (AISC) at the US PGM operations increased from US$677/2Eoz in 2018 to US$784/2Eoz in 2019 mainly due to additional costs associated with the geotechnical issues. Additionally, every US$100/2Eoz increase in the basket price results in a US$5/2Eoz royalty increase in AISC, adding approximately US$21/2Eoz to the 2019 AISC/2Eoz compared to 2018.

Cost performance at the SA PGM operations was mainly impacted by the change from POC to toll smelting and refining at the Rustenburg PGM operations. The AISC per 4Eoz at the SA PGM segment for 2019, excluding the Marikana operations, was R13,372/4Eoz compared to R10,417/4Eoz in 2018.

Purchase of concentrate (illustrative)



Toll refining (illustrative)



Note: The graphs above illustrate AISC, margin and revenue under POC and toll refining under various illustrative scenarios.

The cost performance at the SA gold operations (excluding DRDGOLD) was severely impacted by lost production units due to the prolonged strike and the measured post-strike return to normalised production, with the sharp decrease in production resulting in an increase in AISC of R766,569/kg in 2019 compared to R559,799/kg in 2018. Including DRDGOLD, AISC was R717,966/kg.

Capital expenditure increased from R7,081 million in 2018 to R7,706 million in 2019. Capital expenditure at the US PGM operations for 2019 was US$235 million (R3,393 million) of which US$141 million (R2,035 million) was spent on the Blitz project and the Fill the Mill project at East Boulder. This compares to capital expenditure of US$214 million (R2,833 million) in 2018 of which US$119 million (R1,574 million) was spent on the Blitz project. Capital expenditure at the SA PGM operations increased from R1,000 million in 2018 to R2,248 million in 2019, mainly due to the inclusion of the Marikana operations, since June 2019. Capital expenditure at the Marikana operations amounted to R1,189 million for the period since acquisition. Capital expenditure at the SA gold operations (excluding DRDGOLD) declined from R2,930 million in 2018 to R1,984 million due to cash flow preservation during the strike, followed by production normalisation after the strike ended. Capital expenditure, excluding DRDGOLD, for the first half of 2019 was R388 million compared to R1,596 million in the second half of 2019. DRDGOLD's capital expenditure, included in the consolidated results, was R82 million for 2019.

A shaft headgear at the SA gold Driefontein operations

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Restructuring costs

The Group continually reviews and assesses the operating and financial performance of its assets. During 2019, the Group restructured its SA gold operations (Beatrix and Driefontein) and the newly acquired Marikana operations and incurred restructuring costs of R357 million and R867 million, respectively. The restructure was aimed at rationalising overheads, and creating synergies and efficiencies, all of which is required to restore profitability and ensure the sustainability of the remaining shafts at the SA gold operations and the Marikana operations.

Royalties, mining and income tax

Royalty tax increased from R213 million in 2018 to R431 million in 2019 driven by higher royalties due to the increased profitability of the SA PGM operations, with current tax increasing from R95 million in 2018 to R1,849 million. The deferred tax charge of R989 million for 2018 compared with a deferred tax credit of R3,582 million in 2019 was mainly due to the losses at the SA gold operations and contract changes at the US PGM operations which resulted in a shift of its state tax exposure from New Jersey.

Consolidated income statement for the year ended 31 December 2019

Figures in million – SA rand	2019	2018
Revenue	72,925.4	50,656.4
Cost of sales	(63,314.5)	(48,129.0)
Cost of sales, before amortisation and depreciation	(56,100.4)	(41,515.2)
Amortisation and depreciation	(7,214.1)	(6,613.8)
Interest income	560.4	482.1
Finance expense	(3,302.5)	(3,134.7)
Share-based payments	(363.3)	(299.4)
(Loss)/gain on financial instruments	(6,015.1)	1,704.1
Gain on foreign exchange differences	325.5	1,169.1
Share of results of equity-accounted investees after tax	721.0	344.2
Other income	484.2	310.2
Other costs	(2,310.4)	(1,015.4)
Gain on disposal of property, plant and equipment	76.6	60.2
Impairments	(86.0)	(3,041.4)
Gain on derecognition of borrowings and derivative financial instrument	-	230.0
Occupational healthcare expense	39.6	(15.4)
Restructuring costs	(1,252.4)	(142.8)
Transaction costs	(447.8)	(402.5)
Gain on acquisition	1,103.0	-
Loss before royalties, carbon tax and tax	(856.3)	(1,224.3)
Royalties	(431.0)	(212.6)
Carbon tax	(12.9)	-
Loss before tax	(1,300.2)	(1,436.9)
Mining and income tax	1,733.0	(1,083.8)
Profit/(loss) for the year	432.8	(2,520.7)
Attributable to:		
Owners of Sibanye-Stillwater	62.1	(2,499.6)
Non-controlling interests	370.7	(21.1)
Earnings per share attributable to owners of Sibanye-Stillwater		
Basic earnings per share – cents	2	(110.0)
Diluted earnings per share – cents	2	(110.0)

Gain on acquisition – Lonmin

A gain on acquisition of R1,103 million following the acquisition of Lonmin, was recognised in 2019 and is attributable to the acquisition being attractively priced, and is consistent with the statement by the boards of Sibanye-Stillwater and Lonmin, that the purchase price reflected the recovery in PGM prices at the time of the increased offer, balanced against the fact that Lonmin, pre-acquisition, was financially constrained and unable to fund the significant investment required to sustain its business and associated employment. The gain was recognised as follows:

Figures in millions – SA rand	SA rand
Fair value of consideration	4,306.6
Fair value of identifiable net assets acquired	(5,656.6)
Non-controlling interest, based on the proportionate interest in the recognised amounts of assets and liabilities	247.0
Gain on acquisition	(1,103.0)

Revenue

Figures in millions – SA rand	2019	2018	% change
Total	**72,925.4**	50,656.4	44
US PGM operations	**26,864.5**	15,872.8	69
SA PGM operations (excluding Marikana operations)	**16,390.5**	15,153.6	8
Marikana operations	**11,187.9**	-	100
SA gold operations (excluding DRDGOLD)	**15,023.2**	18,609.2	(19)
DRDGOLD	**3,621.0**	1,047.5	246
Group corporate	**(161.7)**	(26.7)	506

The Group's **revenue** for 2019 of R72,925 million was 44% higher than 2018. Revenue from the US PGM operations increased by 69% mainly due to a 39% increase in the average US dollar basket price received of US$1,403/2Eoz and a 9% weakening of the average SA rand exchange rate from R13.24/US$ to R14.46/US$. SA PGM revenue, including the Marikana operations, increased by 82%. Excluding the Marikana operations, SA PGM revenue increased 8% due to a 44% higher SA rand basket price received of R19,994/4Eoz, offset by the change from POC to toll smelting and refining at our Rustenburg PGM operations that required a build-up in inventory with no revenue being recognised on platinum, palladium, rhodium and gold for between three and four months. The Marikana operations contributed R11,188 million in revenue for the seven months since acquisition. Revenue from the SA gold operations, excluding DRDGOLD reduced by 19% due to 33% lower gold production as a result of the AMCU strike, the post-strike production normalisation and the closure of unprofitable shafts. The average SA rand gold price in 2019 was 21% higher at R648,662/kg compared to R535,929/kg in 2018. DRDGOLD's revenue contribution for 2019 was R3,621 million compared to R1,048 million in 2018 due to their inclusion for a full 12-month period in 2019 (2018: five months) and the increased production following the commissioning of Far West Gold Recoveries project in April 2019.

Cost of sales, before amortisation and depreciation

Figures in millions – SA rand	2019	2018	% change
Total	**56,100.4**	41,515.2	35
US PGM operations	**19,569.4**	11,720.9	67
SA PGM operations (excluding Marikana operations)	**9,756.8**	12,096.0	(19)
Marikana operations	**8,439.9**	-	100
SA gold operations (excluding DRD)	**15,598.0**	16,678.3	(6)
DRDGOLD	**2,736.3**	1,020.0	168

Cost of sales before amortisation and depreciation increased by 35%. Costs at the US PGM operations increased by 67% in SA rand terms due to inflationary increases, an increase in recycling volumes and the weaker average R/US$ exchange rate. Excluding the recycling costs of US$966 million (R13,969 million), costs at the US PGM operations increased from US$342 million (R4,524 million) to US$387 million (5,601 million), mainly due to inflationary increases, increased royalties following from the higher PGM prices, labour costs due to budgeted additional hires, mobile plant maintenance costs and contractors' costs to recoup lost production mainly at the Stillwater Mine. The decrease of 19% at the SA PGM operations (excluding Marikana operations) was mainly due to the allocation of costs to PGM in process associated with the change from POC to toll smelting and refining at our Rustenburg operations. The 6% decrease at the SA gold operations (excluding DRDGOLD) was the direct result of the strike action plans implemented to limit the impact of the AMCU strikes, the no-work-no-pay principle that applied to striking workers' salaries and wages and the closure of unprofitable shafts, partially offset by above inflation increases on power and labour. DRDGOLD's cost for 2019 was R2,736 million compared to R1,020 million in 2018 due to its inclusion for a full twelve-month period in 2019.

Net finance expense

Interest income increased from R482 million to R560 million due to higher average cash balances during 2019.

Finance expenses increased from R3,135 million in 2018 to R3,303 million in 2019 mainly due to the unwinding of the interest associated with the streaming transactions and an increase in the accretion of interest on the environmental rehabilitation liability following the acquisition of the Marikana operations. Interest on borrowings reduced from R1,573 million in 2018 to R1,445 million in 2019 following the repurchase of 2022 and 2025 Notes on 19 September 2018 to the value of US$345 million.

Loss on financial instruments

The loss on financial instruments of R6,015 million was mainly due to a fair value loss of R3,912 recognised on the US$ convertible bond derivative financial instrument, with the fair value of the convertible bond driven significantly higher by the significant increase in the Sibanye-Stillwater share price during 2019. In addition, due to higher PGM prices, revised cash flows at the Rustenburg operations resulted in a loss of R724 million and R1,218 million, respectively on the purchase price deferred payment and dividend expectation for our BEE partners.

Gain on foreign exchange differences

The **gain on foreign exchange differences** of R326 million related to foreign exchange gains on the convertible bond and the derivative financial instrument of R114 million and R176 million respectively, resulting from the stronger SA rand at year end.

Impairments

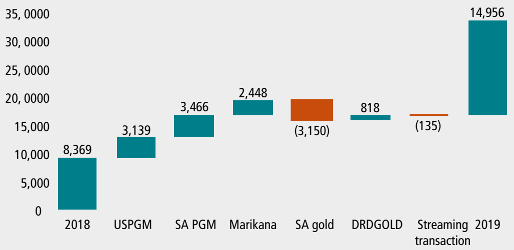
Impairments in 2019 mainly related to the impairment of goodwill that arose on the acquisition of Qinisele Resources that cannot be attributed to any current Sibanye-Stillwater operating cash generating units.

Transaction costs

The **transaction costs** of R448 million in 2019 included advisory and legal fees of R284 million (2018: R117 million) relating to the Lonmin acquisition, streaming transaction costs of R53 million, advisory and legal fees of R32 million related to the Sibanye Gold Limited restructuring, dissenting shareholder liability legal costs of R20 million and platinum jewellery membership costs of R18 million.

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Adjusted EBITDA 2018 vs 2019 (R million)



Note: The graph above shows the change in adjusted EBITDA per operation from 2018 to 2019.

Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)

Figures in millions – SA rand	2019	2018	% change
Total	14,956.0	8,369.4	79
US PGM operations	7,290.9	4,151.9	76
SA PGM operations (excluding Marikana operations)	6,348.1	2,881.8	120
Marikana operations	2,448.1	–	100
SA gold operations (excluding DRD)	(1,823.4)	1,326.2	(237)
DRDGOLD	854.0	36.2	2,259
Group corporate	(161.7)	(26.7)	506

Adjusted EBITDA of R14,956 million in 2019, increased 79% from R8,369 million, due to the increase in commodity prices, specifically palladium and rhodium, the weakening of the SA rand, the inclusion of the Marikana operations for seven months (SA PGM operations), partially offset by reduced sales at the Rustenburg operation as a result of the change from POC to a toll arrangement, and the negative adjusted EBITDA contribution from the SA gold operations due to the wage strike and post-strike production build-up. Included in adjusted EBITDA is care and maintenance costs at the SA gold operations and SA PGM operations of R594 million and R172 million respectively, compared with R564 million and R12 million in 2018. Other costs included in adjusted EBITDA are corporate and social expenditure and non-production royalties of R149 million and R40 million, respectively.

The adjusted EBITDA margin for the US PGM underground operations, increased from 46% in 2018 to 55% in 2019, primarily due to surging dollar palladium and rhodium prices. The adjusted EBITDA margin for the SA PGM operations increased year-on-year from 19% to 32% again, aided by the increase in palladium and rhodium prices and the weakening of the R/US$ exchange rate. The SA gold adjusted EBITDA margin declined from 7% in 2018 to negative 5% in 2019 following the operational disruptions.

Consolidated statement of financial position as at 31 December 2019

Figures in million – SA rand	2019	2018
Assets		
Non-current assets	**74,908.1**	69,727.7
Property, plant and equipment	57,480.2	54,558.2
Right-of-use asset	360.9	-
Goodwill	6,854.9	6,889.6
Equity-accounted investments	4,038.8	3,733.9
Other investments	598.7	156.0
Environmental rehabilitation obligation funds	4,602.2	3,998.7
Other receivables	683.5	314.4
Deferred tax assets	288.9	76.9
Current assets	**26,163.7**	15,195.3
Inventories	15,503.4	5,294.8
Trade and other receivables	4,635.0	6,833.0
Other receivables	51.2	35.2
Tax receivable	355.1	483.2
Cash and cash equivalents	5,619.0	2,549.1
Total assets	**101,071.8**	84,923.0
Equity and liabilities		
Equity attributable to owners of Sibanye-Stillwater	29,670.6	23,788.4
Stated share capital	40,662.0	34,667.0
Other reserves	4,442.3	4,617.2
Accumulated loss	(15,433.7)	(15,495.8)
Non-controlling interests	1,467.7	936.0
Total equity	**31,138.3**	24,724.4
Non-current liabilities	**55,606.7**	45,566.0
Borrowings	23,697.9	18,316.5
Derivative financial instrument	4,144.9	408.9
Lease liabilities	272.8	–
Environmental rehabilitation obligation and other provisions	8,714.8	6,294.2
Post-retirement healthcare obligation	–	5.6
Occupational healthcare obligation	1,133.4	1,164.2
Share-based payment obligations	1,343.0	168.9
Other payables	2,687.5	2,529.2
Deferred revenue	6,896.5	6,525.3
Tax and royalties payable	59.1	–
Deferred tax liabilities	6,656.8	10,153.2
Current liabilities	**14,326.8**	14,632.6
Borrowings	38.3	6,188.2
Lease liabilities	110.0	–
Occupational healthcare obligation	148.7	109.9
Share-based payment obligations	82.1	56.8
Trade and other payables	11,465.9	7,856.3
Other payables	761.4	303.3
Deferred revenue	1,270.6	30.1
Tax and royalties payable	449.8	88.0
Total equity and liabilities	**101,071.8**	84,923.0

Gearing

Figures in millions – SA rand	2019	2018
Borrowings [1]	**26,550.7**	23,768.5
Cash and cash equivalents [2]	**5,586.3**	2,499.4
Net debt [3]	**20,964.4**	21,269.1
Adjusted EBITDA	**14,956.0**	8,369.4
Net debt to adjusted EBITDA (ratio) [4]	**1.4**	2.5

[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

[4] Adjusted EBITDA includes the Marikana operations seven-month actual consolidated EBITDA, which was not extrapolated for the purpose of this disclosure to a full 12-month period as allowed in terms of the debt covenant calculation rules

The net debt to adjusted EBITDA history can be summarised as follows:

	2019	2018	2017	2016	2015
Net debt to adjusted EBITDA	**1.40**	2.54	2.56	0.60	0.21

During 2019 revenue and adjusted EBITDA was adversely impacted by the strike at the SA gold operations and change from POC to toll refining at the Rustenburg PGM operations. As a result, elevated net debt to adjusted EBITDA ratios were reported during 2019. However, the rapid recovery should continue during 2020 as the poor Q1 2019 adjusted EBITDA rolls out of the trailing 12-month calculation, reported as 1.25x at 31 December 2019, as allowed by the debt covenant calculation rules.

EXTERNAL AUDIT ROTATION

The audit committee, after following a comprehensive formal tender process during 2018, as well as due process as set out in paragraph 3.84(g)(iii) of the JSE Listings Requirements, recommended the appointment of Ernst & Young Inc. as the Group's external auditor with Mr Lance Ian Neame Tomlinson as the designated lead audit partner. Shareholders ratified the appointment of Ernst & Young Inc during the Annual General Meeting held in May 2019.

FOCUS AREAS – 2020

The continued deleveraging of the company will remain the primary focus for 2020, through earnings growth, cash flow generation and debt reduction. Based on the leverage trajectory, and the internal target of a net debt to adjusted EBITDA ratio of 1 times, we expected to resume dividends to shareholders during the course of 2020, but the recent impact of COVID-19 will adversely impact the outlook for 2020.

The October 2020 call option on the convertible bonds could allow for the settlement or conversion of these instruments, which could further improve capital structure and leverage ratios.

The strong performance of commodity prices, more specifically palladium, rhodium and gold, and the weakening of the SA rand against the US dollar, which started in 2018 and continued into early 2020, should have further assisted with earnings growth and cash flow generation, but were adversely affected in US dollar terms in March due to COVID-19.

Commodity prices	Average 2019	Spot prices as at 31 March 2020	% change
Gold price/kg	R648,662	R923,486	42
SA PGM average basket price/4Eoz	R19,994	R37,017	85
US PGM average basket price/2Eoz	US$1,403	US$1,934	38

The focus on successful integration of the Marikana operations and realising the estimated R730 million cost synergies identified during the due diligence will remain a further strategic priority. Above inflation cost pressures, a relentless focus on cost saving and cost containment will be targeted through Project 1, which was officially launched at the start of 2020. This project focuses on estimated further cost reductions of R1 billion across the combined supply chain area of the SA gold operations and SA PGM operations over a period of 12 to 18 months.

ACKNOWLEDGEMENT

I would like to express my sincere appreciation to the finance teams across the Group for their unwavering support, ongoing commitment and dedication during 2019. The Group has been able to mitigate some of the adverse consequences relating to the volatile global environment in which we operate, through proactively managing costs, capital, working capital and liquidity, which have contributed to the strengthening of the balance sheet. I look forward to working with the finance team in 2020 as we advance the Group's strategic objectives.

Charl Keyter

Chief Financial Officer

22 April 2020