Sibanye Gold Limited
Trading as Sibanye-Stillwater
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Incorporated in the Republic of South Africa
Share code: SGL
ISIN – ZAE000173951
Issuer code: SGL
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MEDIA RELEASE

SIBANYE-STILLWATER RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

- Group adjusted EBITDA[1] increased by 26% to R3.9 billion (US$316 million)
- Positive Basic earnings of R77 million and Headline earnings of R101 million compare with respective losses of R4.8 billion and R2.2 billion in H1 2017
- Further operational improvement from the SA PGM operations AISC with 2% lower at R10,106/4Eoz (US$821/4Eoz) and adjusted EBITDA increasing by 115% to R1,001 million
- Another solid performance from the US PGM operations with 2E PGM production of 293,959oz and AISC of US$653/2Eoz. The Blitz project remains ahead of schedule
- On a like-for-like basis (excluding the Cooke operations) production from the SA gold operations declined by 7% to 18,616kg (598,500oz) with AISC 7% higher to R520,488/kg (US$1,315/oz), mainly as a result of lower volumes
- Good operational recovery by Beatrix and Kloof from safety related disruptions, with only Driefontein still impacted by seismic damage to footwall infrastructure
- Deleveraging accelerated through US$500 million stream financing in July 2018, resulting in pro forma ND:adjusted EBITDA reducing to approximately 1.85x
- Lonmin acquisition remains on track with approval received from SARB and the competition authority in the UK

[1] *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 of profit/loss before royalties and tax to adjusted EBITDA, see note 9.2 of the condensed consolidated interim financial statements. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenue.*

Johannesburg, 23 August 2018: Despite experiencing significant operational challenges, Sibanye-Stillwater (Tickers JSE: SGL and NYSE: SBGL) reported solid operating results and an improved financial performance for the six month period ended 30 June 2018 (H1 2018).

The SA and US PGM operations continued to perform well in H1 2018, delivering on their production targets and generating solid financial outcomes, which largely offset the decline in the operational performance from the SA gold operations, caused by a tragic sequence of safety incidents at the West Wits operations and other operational disruptions.

Group adjusted EBITDA for H1 2018 increased by 26% to R3,896 million (US$316million), positively impacting Group leverage measures, with Basic earnings of R77 million and Headline earnings of R101 million comparing favourably with respective losses of R4.8 billion and R2,2 billion in H1 2017.

Neal Froneman, CEO of Sibanye-Stillwater, reflecting on the period, said: "The spate of fatalities at our SA operations was traumatic and emotionally testing for everyone at Sibanye-Stillwater. Safety is a core component of our CARES (Commitment, Accountability, Respect, Enabling Environment and Safe Production) values, and our values guide every decision we make, every day. We employ over 66,000 people globally and our success is enabled and driven by our people. Nothing is more important to all of us at Sibanye-Stillwater than safe production".

"Considering the emotional impact of these tragic events, the manner in which our employees and management responded and the support we received from other stakeholders, was heartening. We have managed to navigate our way through a very challenging period and I am confident that we have emerged in a stronger position than we were in at the beginning".

Operating performance

The SA PGM operations delivered another robust operating result for the six months ended 30 June 2018, with attributable 4E PGM production of 569,166oz marginally lower than for the comparable period in 2017, but at the upper end of guidance for 2018 on an annualised basis. Despite lower production, AISC declined further to R10,106/4Eoz (US$821/4Eoz), 4% lower in nominal terms than for the comparable period in 2017. This reflects a significant reduction in unit costs in real terms despite these operations absorbing above inflation increases in wages and electricity costs over the course of the year.

Adjusted EBITDA from the SA PGM operations more than doubled from R466 million (US$35 million) for H1 2017 to R1,001 million (US$81 million) for H1 2018, with the contribution to Group adjusted EBITDA increasing from 15% in H1 2017 to 26% in H1 2018.

The US PGM operations delivered another solid operating result, with mined 2E PGM production of 293,959oz at AISC of US$653/2Eoz, consistent with annual guidance for 2018. This performance compares favourably with 2E PGM production of 282,631oz at AISC of US$660/2Eoz for the H2 2017, and reflects the benefits of initial production from the Blitz project (Blitz). Blitz remains ahead of schedule, having produced approximately 20,200 2Eoz in H1 2018, with a further increase in the production rate expected during H2 2018. The ramp up of Blitz to full 2E PGM production of approximately 300,000oz by the end of 2021, is expected to continue to drive revenues from the US PGM operations higher, and AISC lower by approximately US$100/2Eoz, to around US$550/2Eoz.

The elevated spot palladium price for most of H1 2018, resulted in a 5% higher average 2E PGM basket price of US$996/2Eoz, than for H2 2017. The US PGM operations contributed US$153 million (R1,887 million) to Group adjusted EBITDA at an average adjusted EBITDA margin of 25% in H1 2018, with the recycling operation comprising US$10 million (R123 million) of this total.

Gold production from the SA gold operations was 13% lower year-on-year, declining from 21,418kg (688,600oz) for H1 2017 to 18,616kg (598,500oz) for H1 2018, with AISC increasing by 7%, to R520,488/kg (US$1,315/oz). On a like-for-like basis (normalising for the closure of the Cooke operations in H2 2017, which accounted for 1,308kg (42,000oz) of the production difference), production declined by 7% or 1,494kg (48,033oz). This shortfall in production resulted from a number of operational disruptions during the period, including; the power outage at Beatrix in February 2018 due to severe storm damage to Eskom power lines supplying the mine, the tragic fatal incidents at the West Wits gold operations and seismic damage to infrastructure providing access to sections of the Driefontein Masakhane and Kloof Hlanganani shafts. Kloof and Beatrix performed well despite these disruptions, with only Driefontein not able to compensate for lost production.

The average rand gold price declined by 1% to R519,994/kg for H1 2018, which, together with lower production, resulted in revenue from the SA gold operations declined by R1,596 million (US$67 million) to R9,680 million (US$786 million). Adjusted EBITDA of R1,007 million (US$82 million)was R1,249 million (US$89 million) lower than for H1 2017, with the SA Gold operations' contribution to Group adjusted EBITDA declining to 26%.

Strategic delivery
Despite the imperative of addressing safety and other operational issues experienced during H1 2018, the focus on strategic execution was maintained.

As a critical element in our accelerated deleveraging, US$500 million was raised, post interim end, through a well-structured and competitively priced streaming transaction, reducing ND:adjusted EBITDA ratio of 2.55x at the end of H1 2018 by approximate 0.7x to approximately 1.85x on a pro forma basis. This is well below the 3.5x existing covenant and future 2.5x covenant ratios.

Positive progress was made in bringing the proposed Lonmin transaction to completion, with approvals obtained from both the South African Reserve Bank and the Competition and Markets Authority (CMA) in the UK. The approval process with the South African competition authorities continues the completion of other conditions precedent expected during the second half of 2018.

Progress was also made on realising value from non-core assets. The DRDGOLD transaction, in terms of which selected gold surface assets and reserves have been sold to DRDGOLD for a 38% equity stake in the company, was concluded in late July 2018 and an earn-in transaction with Regulus Resources Inc. regarding the Altar copper-gold project in Argentina was agreed. This will see Sibanye-Stillwater benefitting from an upfront cash payment of US$15 million, while still retaining significant exposure to potential upside in the Altar project.

"The operating/safety challenges experienced in H1 2018 have been our primary focus and are being proactively addressed. I am confident that collaboration with key stakeholders will have a significant impact on safety at our mines. Restoring and then improving the safety performance at our operations globally, remains a priority. The decisive response to these incidents and the relatively solid operating and financial outcomes for H1 2018, are pleasing to note The Group has been refocused and re-energised and I am confident that we are well positioned to deliver significant value to all of our stakeholders in future," Froneman concluded:

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FORWARD LOOKING STATEMENTS

This announcement contains "forward-looking statements" within the meaning of the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "target", "will", "would", "expect", "can", "potential", "could" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements, including among others, those relating to our future business prospects, financial positions, debt position and our ability to reduce debt leverage, plans and objectives of management for future operations, plans to raise capital through streaming arrangements or pipeline financing, our ability to service our Bond Instruments (High Yield Bonds and Convertible Bonds), our ability to achieve steady state production at the Blitz project and the anticipated benefits and synergies of our acquisitions are necessarily estimates reflecting the best judgement of our senior management and involve a number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and generally beyond the control of Sibanye-Stillwater, that could cause Sibanye-Stillwater's actual results and outcomes to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in the Group's Annual Integrated Report and Annual Financial Report, published on 30 March 2018, and the Group's Annual Report on Form 20-F filed by Sibanye-Stillwater with the Securities and Exchange Commission on 2 April 2018 (SEC File no. 001-35785). These forward-looking statements speak only as of the date of this announcement. Sibanye-Stillwater undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this announcement or to reflect the occurrence of unanticipated events, save as required by applicable law.