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Sibanye Stillwater

H1 2018 results presentation

Operating and financial results for the six months ended 30 June 2018

23 August 2018

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Agenda

1. H1 2018 salient operating results and strategic progress
2. Safe production - *our first priority*
3. Sibanye-Stillwater – *a company that CARES*
4. Operating and financial review
   i. SA region operating results
   ii. US region operating results
   iii. Group financial results
5. Strategic delivery
6. Conclusion
7. Appendix

H1 2018 salient operating results

- Group adjusted EBITDA[1] increased by 26% to R3.9 billion (US$316 million)
- Further operational improvement from the SA PGM operations with 2% lower AISC of 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 and 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 Driefontein still impacted by seismic damage

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.

Solid operational and financial results considering operational disruptions and price pressures

H1 2018 salient strategic progress

- Deleveraging accelerated through US$500 million stream financing in July 2018, resulting in *pro forma* ND:adjusted EBITDA reducing to ~1.85x
- DRDGOLD Transaction concluded end July 2018
- Announced strategic relationship with Regulus to unlock value from the Altar copper-gold project
- Lonmin acquisition remains on track with approval received from SARB and the competition authority in the UK

∗ 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.

Safe production
- our first priority

Our values, vision and purpose dictate our actions

PURPOSE: Our mining improves lives

VISION:

SUPERIOR VALUE CREATION
FOR ALL OUR STAKEHOLDERS

Through the responsible mining and beneficiation of our mineral resources

Underpinned by our C.A.R.E.S. VALUES

Commitment

Accountability

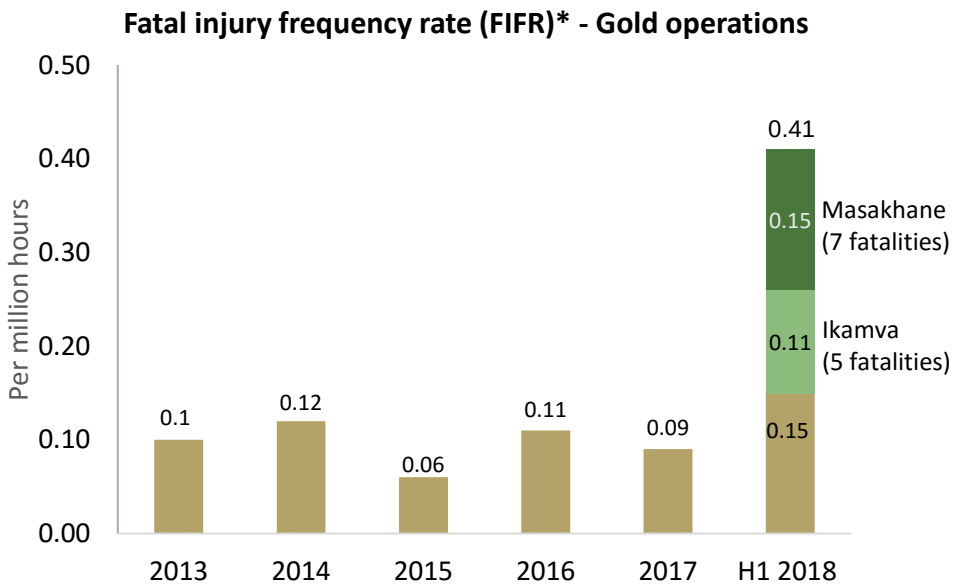
Respect

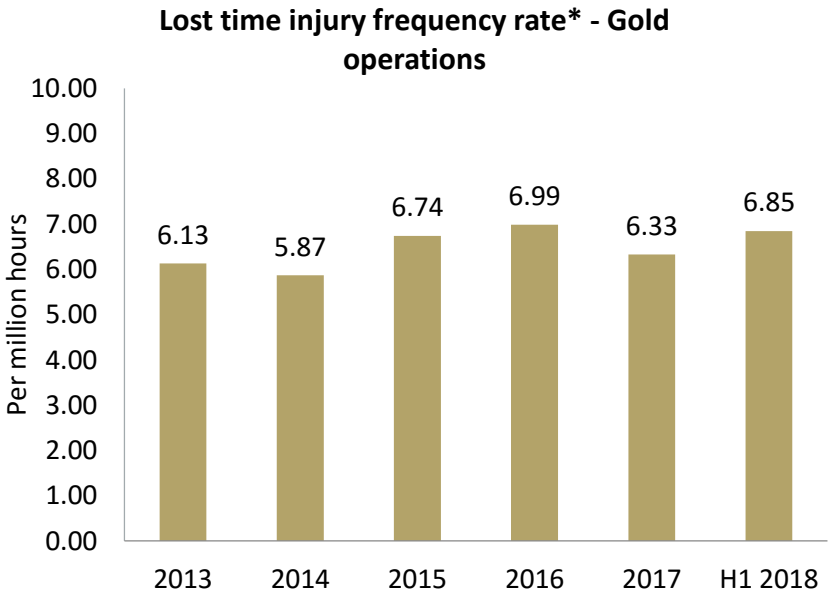
Enabling

Safety

H1 2018 safety performance

- Nothing comes before safe production
- We never have and never will prioritise profit before people
- Recent spate of tragic fatalities is not consistent with our historic performance
- More than half of the fatalities due to two major incidents
- Investigations into incidents are ongoing
- The Beatrix operations have achieved 2.5 million FFS and have been fatality free since May 2017



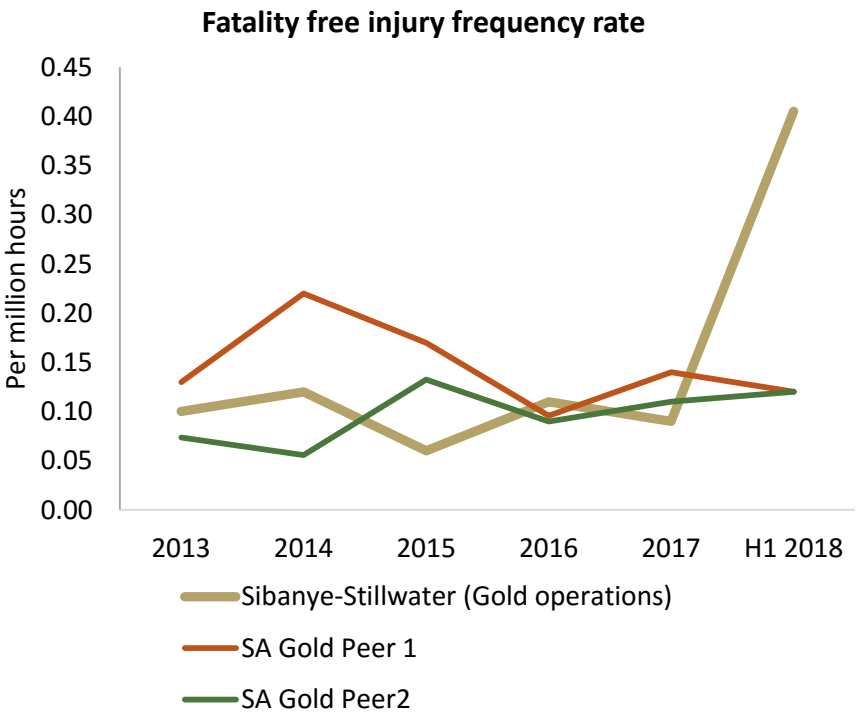


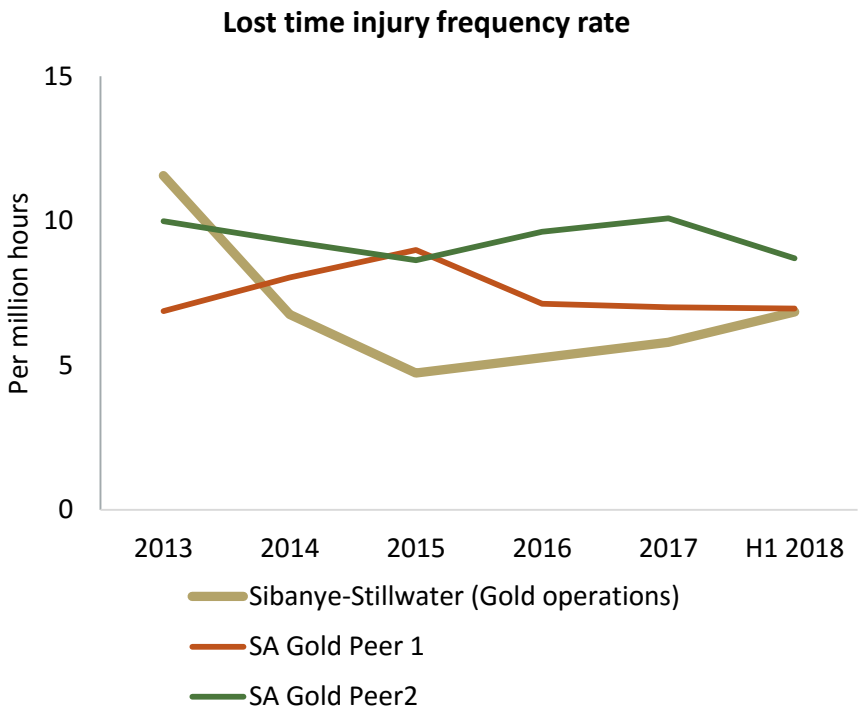
** Per million hours worked*

Our ongoing commitment to safe production has been prioritised and intensified

SA gold safety performance - peer comparison

H1 2018 (GOLD) Peer safety performance						
	FIFR	FIFR Ranking	SIFR	SIFR Ranking	LTIFR	LTIFR Ranking
Sibanye-Stillwater Gold operations	**0.405**	**3**	**4.74**	**2**	**6.85**	**1**
SA Gold Peer 1	0.122	1	5.84	3	8.7	3
SA Gold Peer 2	0.124	2	4.36	1	6.96	2

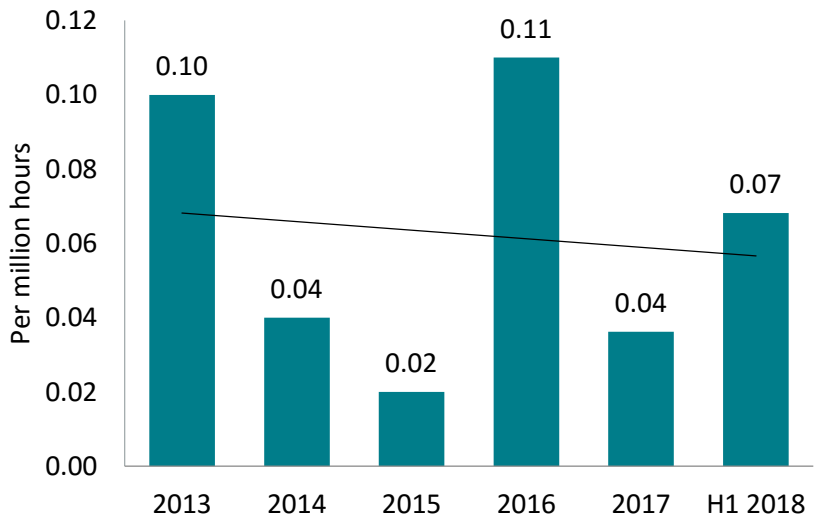




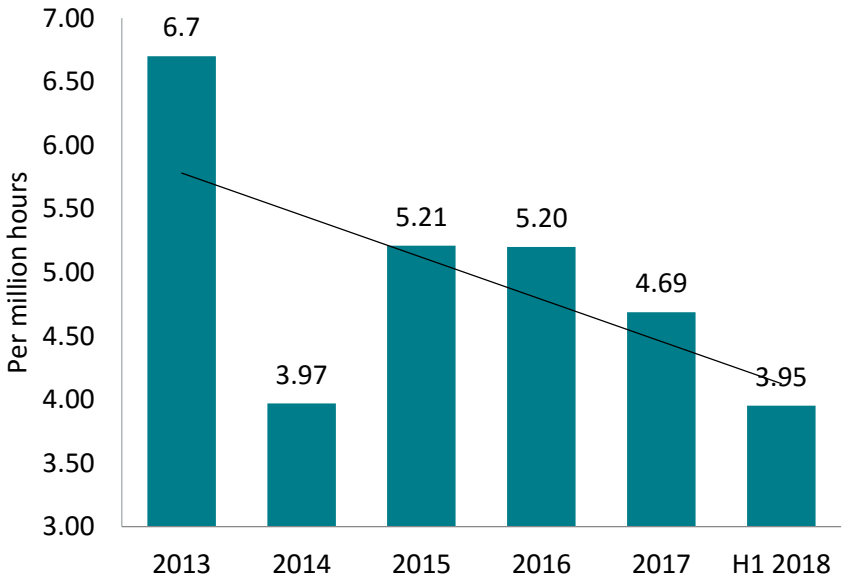
Source: Company filings and Industry working group

SA PGM safety performance

Fatality injury frequency rate* - SA PGM operations



Lost time injury frequency rate* - SA PGM operations

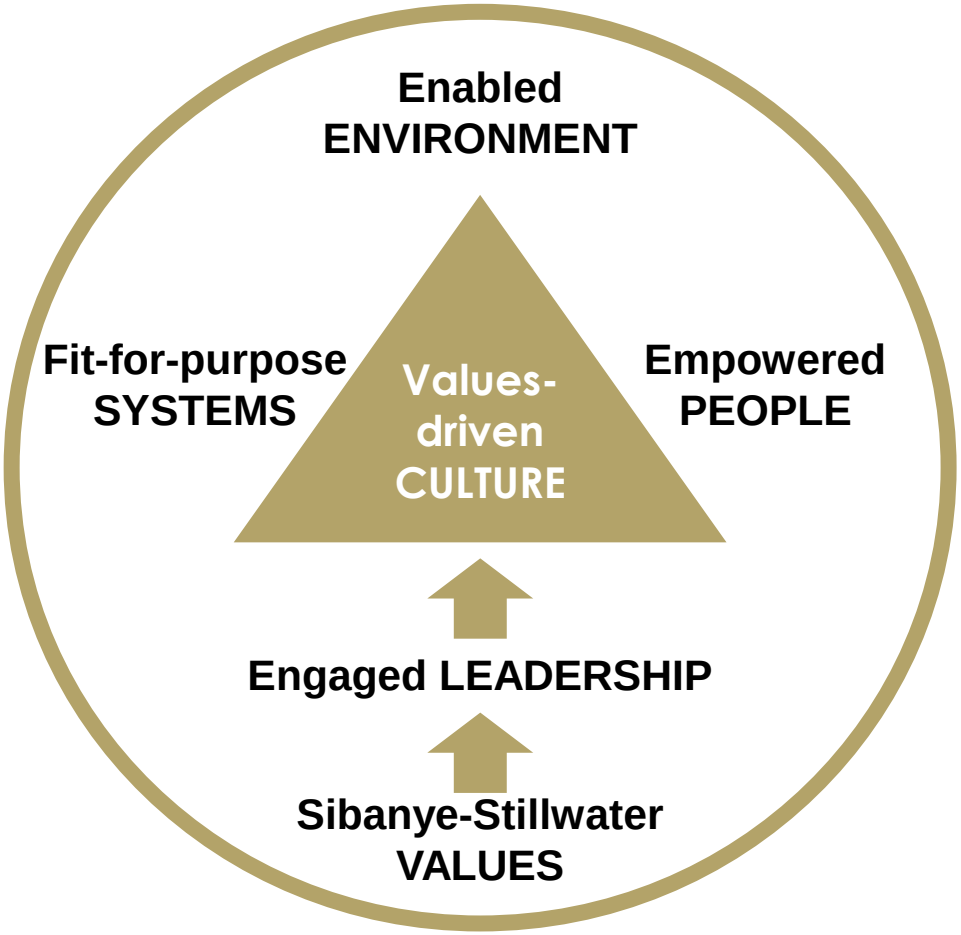


H1 2018 Peer safety performance						
	FIFR	FIFR Ranking	SIFR	SIFR Ranking	LTIFR	LTIFR Ranking
Sibanye-Stillwater SA PGM operations	**0.068**	**3**	**2.18**	**1**	**3.95**	**1**
SA PGM Peer 1	0.022	2	3.62	3	5.76	3
SA PGM Peer 2	0.000	1	2.61	2	3.97	2

** Per million hours worked*
Source: Company filings and Industry working group

Safety performance has improved despite disruptive integration processes

Zero Harm strategic framework



Commitment | Accountability | Respect | Enabling | Safety

Safe production and health focus areas

Enabled Operational Environment

- Equipment, layouts and environmental conditions conducive to safe productive rock breaking
- Safe technology

Empowered competent workforce

Organisational transformation

- Leadership
- Values & Culture
- Training
- Employee's right to withdraw

World-class safe production systems

- Accreditation to leading international health and safety management systems
- Minerals Council initiatives
- ICMM principles
- Global Safe Production Advisory Board

MHSC - Cultural Transformation Framework

Bonus and performance incentive pillar	• to prioritise safe production
Risk management pillar	• aimed at reducing risks at source and investigating root causes of accidents
Leadership pillar	• encouraging leaders to lead by example and walk the talk of zero harm
Leading practice pillar	• providing a unified approach to identifying and facilitating the adoption of leading occupational health and safety practices
Diversity management pillar	• aimed at eliminating racism, genderism and any other forms of discrimination
Data management pillar	• to monitor and evaluate progress of CTF implementation and mine health and safety performance

Stakeholder safety summits

- The agreed priority areas in which joint action plans are being developed together with other stakeholders comprise:
  - Ensuring continuous safety of workplaces, compliance and the right of employees to withdraw from unsafe workplaces
  - Leadership effectiveness, values and culture transformation
  - Review of safety structures
  - Training and development
  - Accelerating research and development (technology, systems and processes)
  - Review of incentive schemes and recognition programmes to drive safe behaviour
  - Trust building, effective engagement and communication

Safety pledge

'As Organised Labour, the DMR and the Management of Sibanye-Stillwater, we acknowledge the parties statutory obligation and workers right that our destiny is shared and commit ourselves, through constructive, transparent collaboration and compliance, to achieving Zero Harm'

Sibanye-Stillwater

– a company that ***CARES***

Holistic value creation strategy

Financial performance underpinned by safe production and support from all stakeholders

Delivering value for employees

- Sibanye-Stillwater provides employment to more than 66,000* people
- Care for iMali improving personal financial management
  - Benefitted over 60,000 employees and community members
  - Garnishee orders decreased by R1.4 million since 2014 which would have been illegally deducted or overcharged from employee salaries
- Affordable home ownership to employees
  - 538 houses were transferred to Sibanye-Stillwater employees
  - 36 new houses were built
- Employee training and development investments
  - R532 million in SA region
  - US$1.3m in US region
- Proactive health care through our primary health care clinics resulting in early detection of TB and high retainment of employees on HIV treatment

Workforce in SA and US region, includes contractors at the end of Dec 2017

Delivering value for communities

Merafong Waste Management project

Blybank clinic

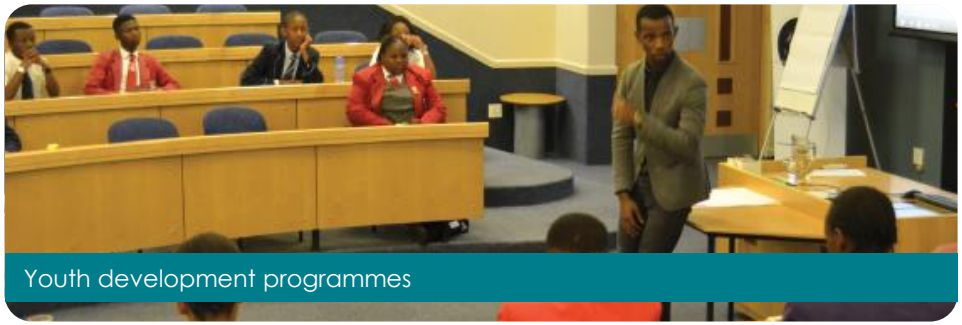
Scholar Patrol Equipment donation


Clothing Manufacturing project


Alien Invader Species project


Hospitality and Tourism learnerships


Embonisweni Primary School


Youth development programmes

Ultimately, our aim is to leave a sustainable socio-economic legacy for host communities

Delivering value to communities (continued)

Small farmer beneficiaries who own on average 19 units of livestock each in the **Eastern Cape**

R9.2 million
Spent to date on the Livestock Development Project

R18.7 million
Spent to date on education projects and improvement of infrastructure for Kutlwanong Maths & Science lab, Mamello Secondary School and Embonisweni Primary School in **Free State.**

R1.34 million
Employee savings recovered through the CareForImali financial literacy training programme. **60 886** employees and community members trained from 2015. **28 836** employees and community members were trained in 2018 year to date. Since inception of garnishees have been reduced by **73.18%**

Over **R50 million**
Spent to date on health infrastructure development, agricultural, environmental, education and poverty alleviation projects in **Gauteng.**

R49 million
Contributed to University of Johannesburg and Wits University, with substantial investments to be made over the next five years on tertiary education.

R12 million
Spent to date on early childhood development, brick manufacturing, healthcare and farming projects in **North West.**

**Source: 2017 Integrated Annual Report and 2017 supplement documents*

Our stakeholder engagement is key to understand the needs and priorities of our communities

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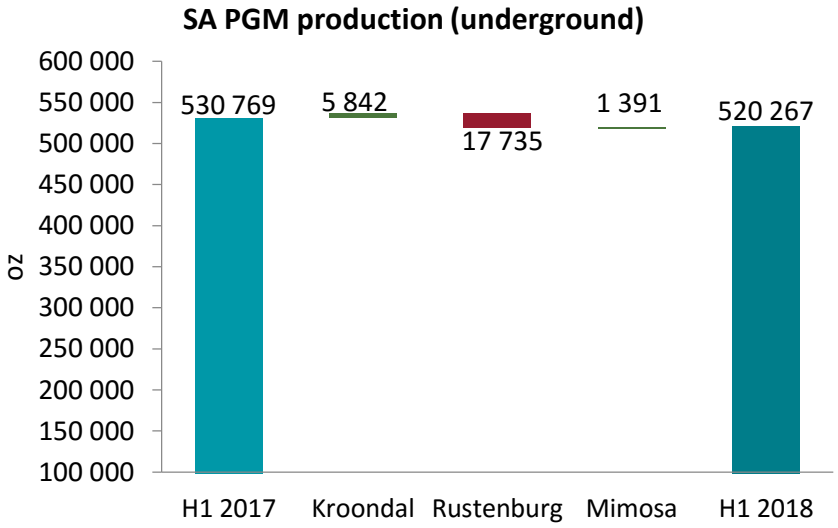
Operating and financial review

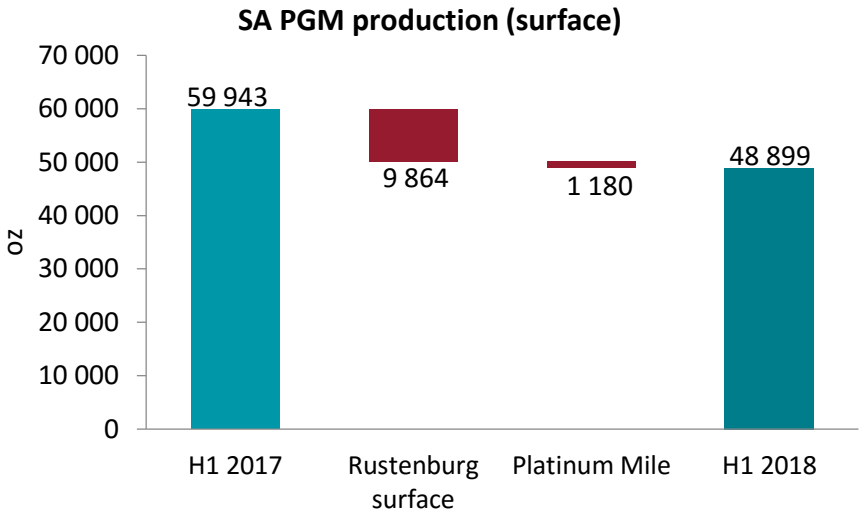
SA Region

Operating results

SA PGM operations – turnaround sustained

- 4E PGM basket price 8% higher
- 4E PGM production 4% lower y-on-y but at the upper end of guidance
- Mimosa contributed R136 million (US$11 million) to earnings
- Adj. EBITDA increased by 115% to R1 billion (US$81 million) (26% of Group adj. EBITDA)

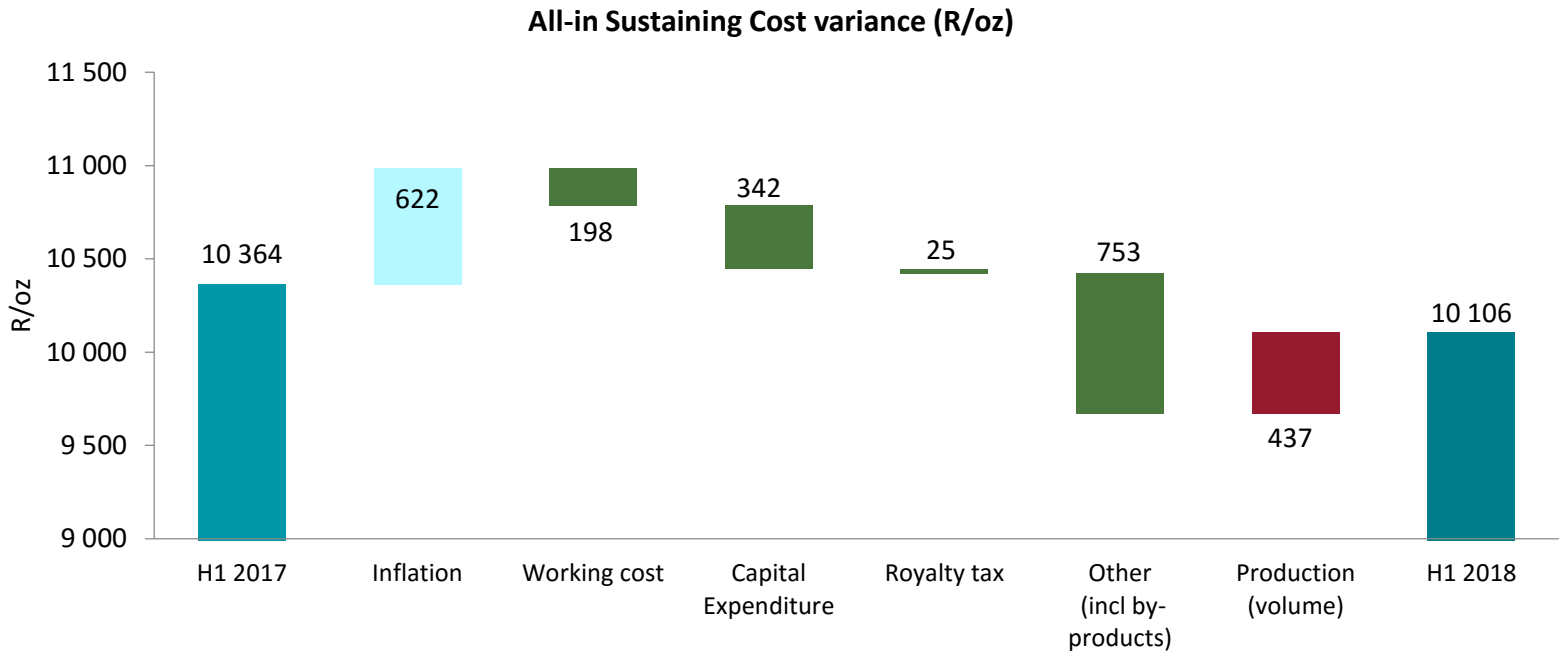




Source: Company information

SA PGM operations AISC reconciliation

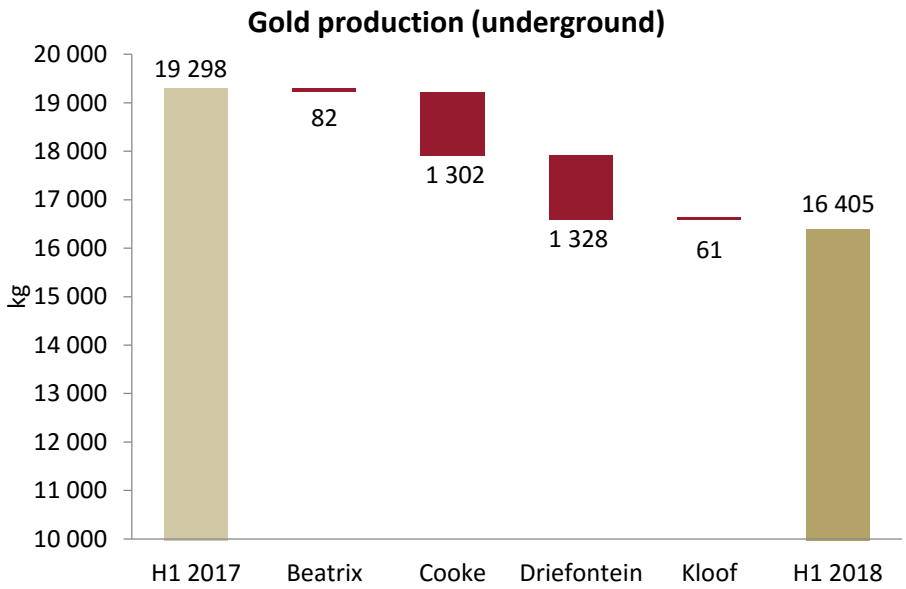
- AISC 2% lower to R10,106/4Eoz (US$821/4Eoz) despite lower production and above inflation wage and electricity costs
- Increased by-product credits positively affected AISC
  - Improvement in yield through chrome plant (from 10.5% to 12%) resulting in a 6% increase in chrome volumes sold to 399k tonnes
  - Chrome credits of R480 million in H1 2018 compared to R196 million in H1 2017
  - Other by-product metal credits of R560 million in H1 2018 compared to R395 million in H1 2017

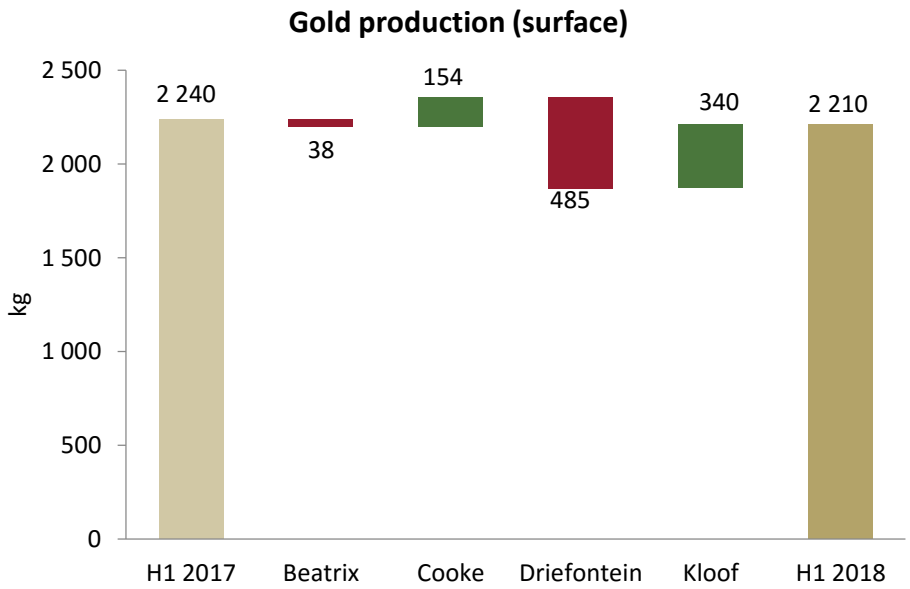


Source: Company information

SA gold operations – confronting challenges

- Gold production declined by 13% to 18,616kg (598,517oz)
  - Closure of the Cooke underground operations in 2017 accounted for approximately half of the decline
  - Production at Kloof and Beatrix consistent y-on-y – a commendable recovery from the operational disruptions
  - Seismic damage to Masakhane west constrained the recovery at Driefontein
  - SRDs at Driefontein and Beatrix West have been depleted as planned
- Rehabilitation of Masakhane west ongoing - production should return to more normal levels in Q1 2019
- Adj. EBITDA contribution of R1 billion (US$82 million) (26% of Group adj. EBITDA)



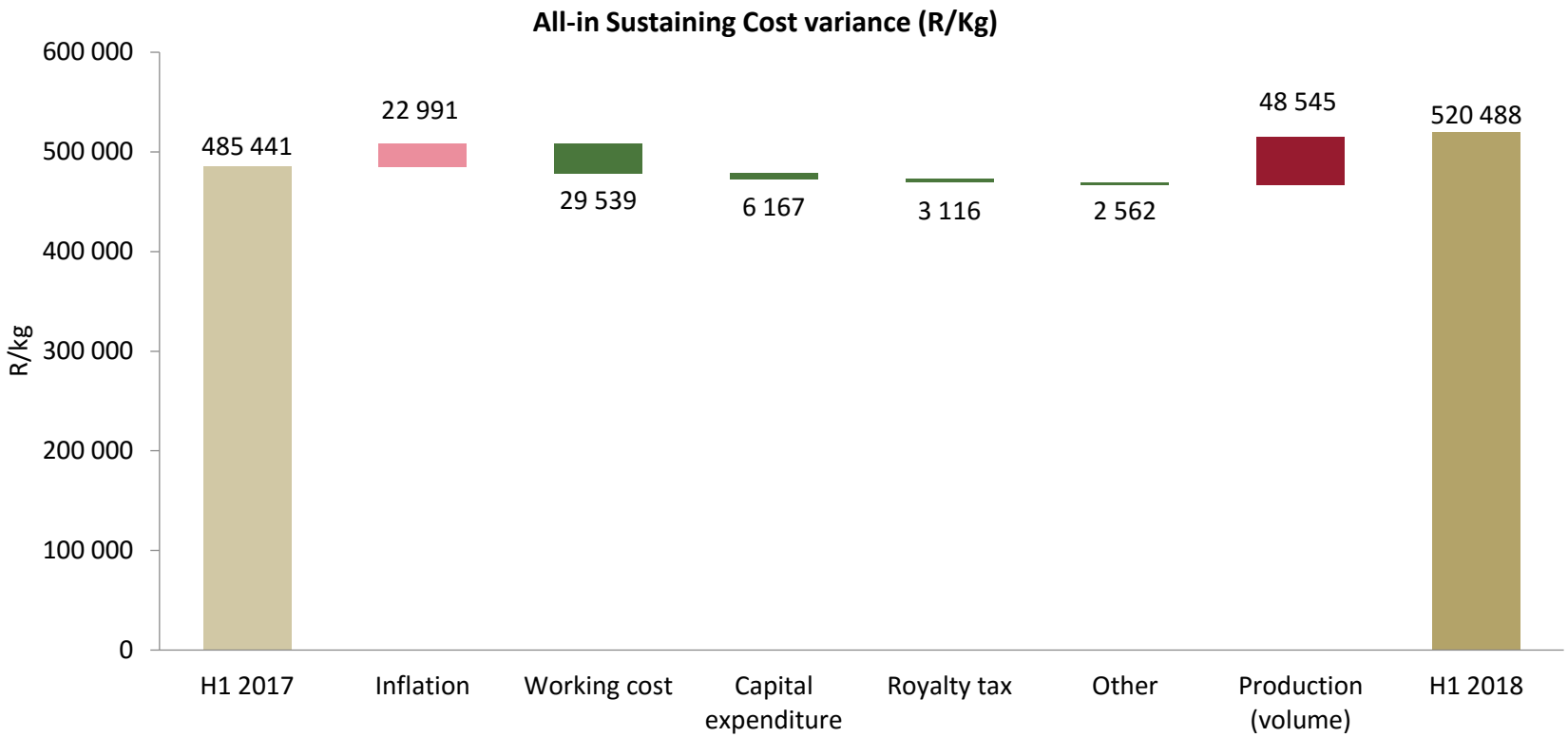


Source: Company information

Good recovery from operational disruptions

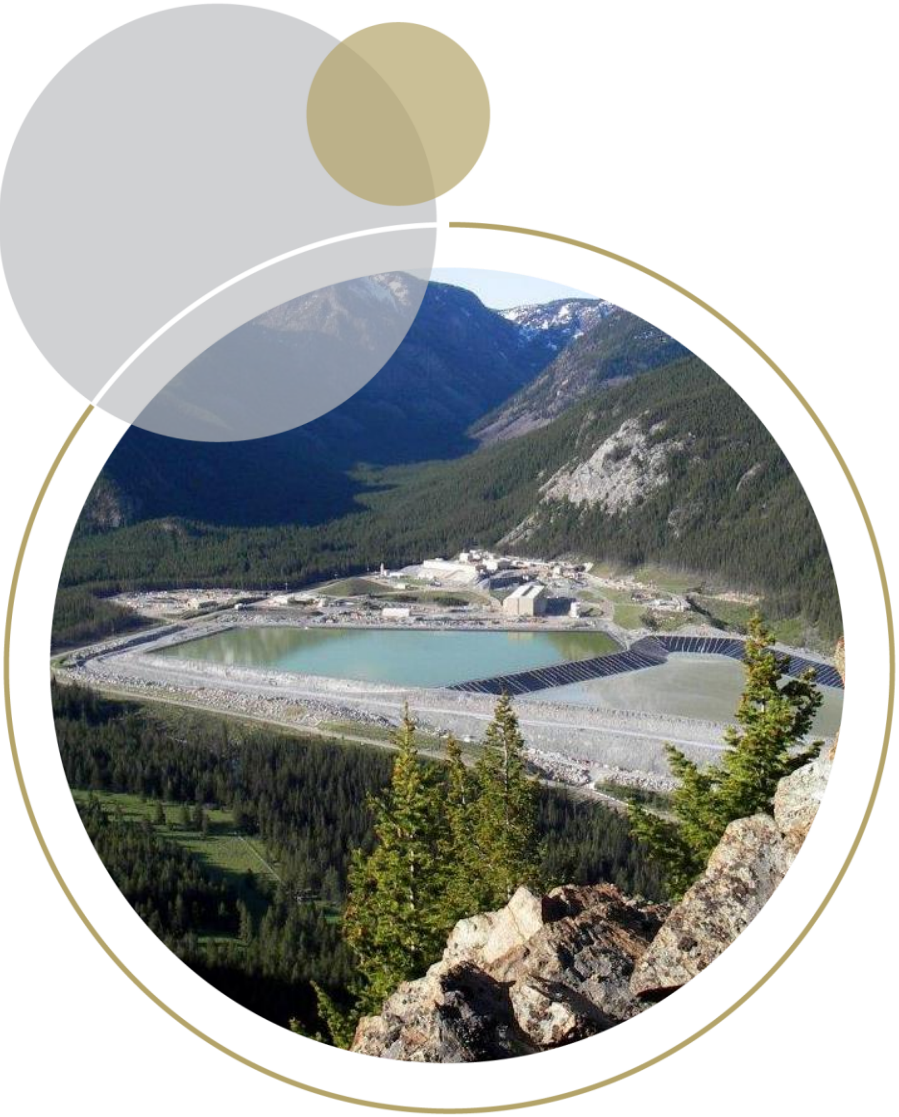
SA gold operations AISC reconciliation

- All-in sustaining costs (AISC) increased by 7% to R520,488/kg (US$1,315/oz) primarily due to lower volumes from the Driefontein operations, partly offset by the closure of the Cooke underground operations in 2017
- Rehabilitation of footwall access to the western side of the Masakhane shaft should result in normalisation of production and costs at the SA gold operations in 2019



Source: Company information

Volume underperformance is largest contributor to increasing unit costs

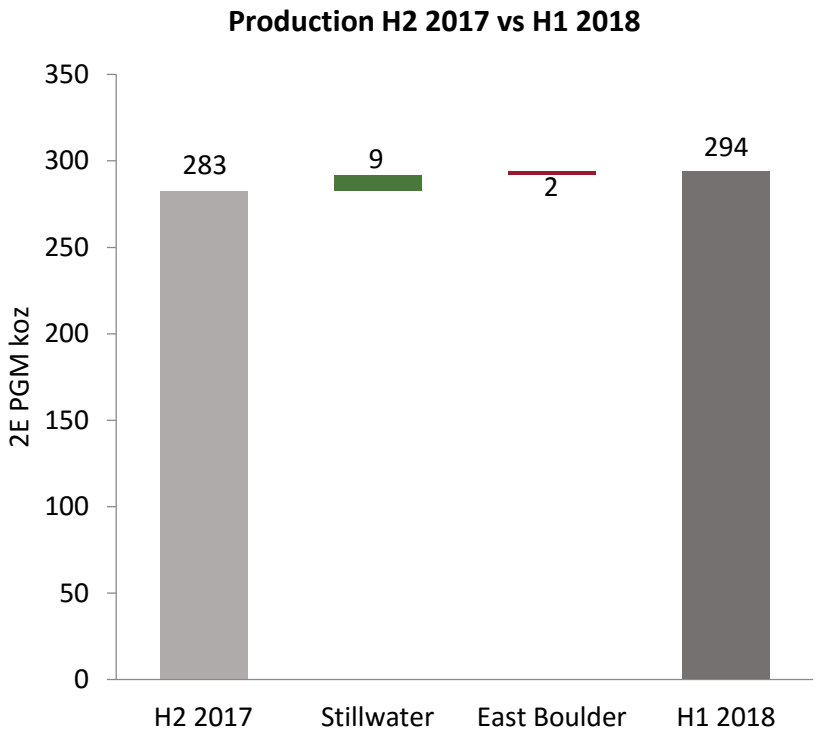


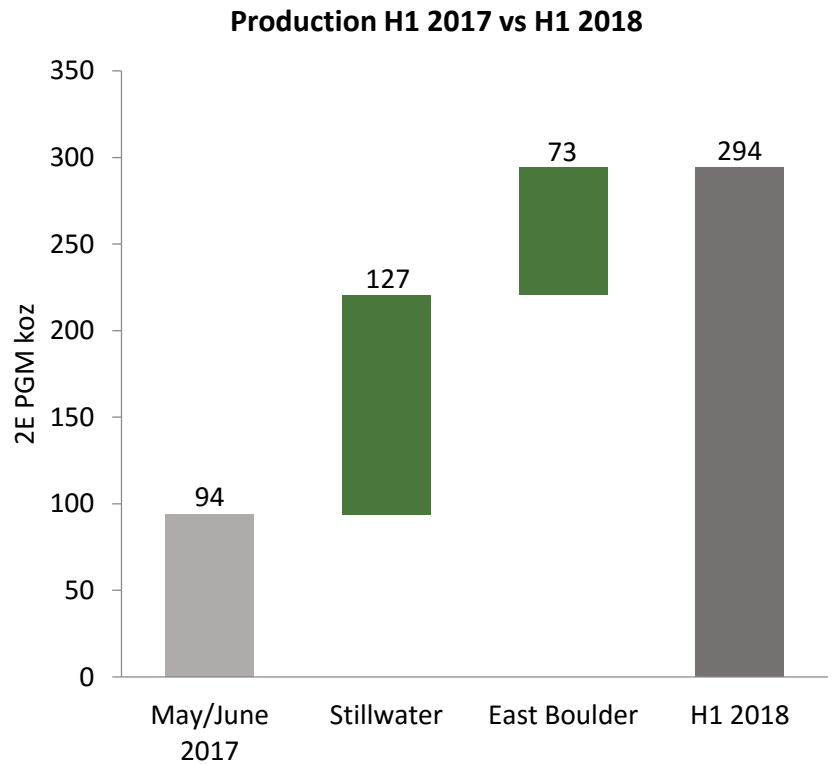
US Region

Operating results

US PGM operations - steady performance

- 2E PGM production of 293,959oz is consistent with annual guidance for 2018 and up from 282,631oz in H2 2017
- The build-up of production from the Blitz project (reported as part of Stillwater operations) is progressing ahead of schedule
- The US PGM operations contributed R1.9 billion (US$153m) to Group adjusted EBITDA (48%)

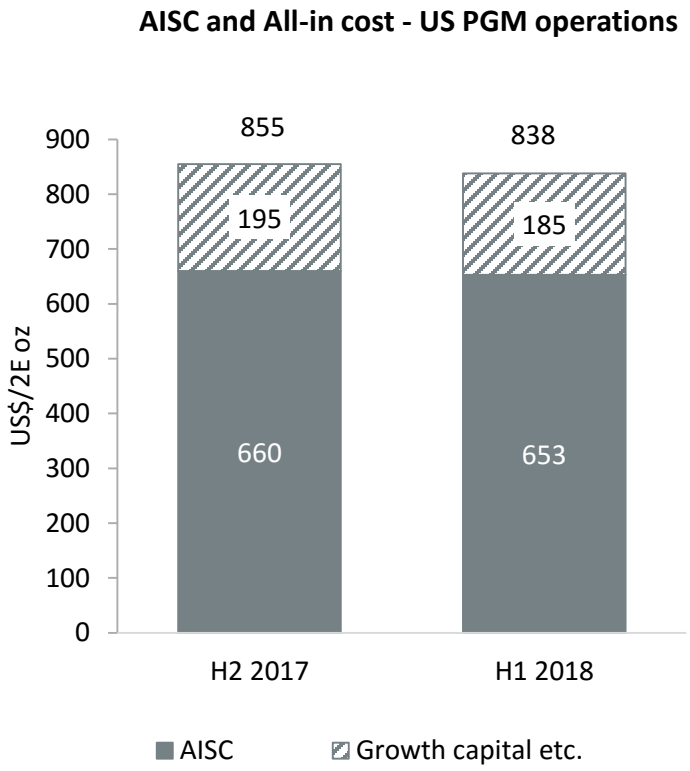




Source: Company information

US PGMs AISC- H1 2018 vs H2 2017

- AISC of US$653/2Eoz, in-line with annual guidance for 2018
- Increasing output from Blitz will continue to drive AISC lower to about US$550/2Eoz by 2022
- Increasing cash flows as Blitz ramps up and capital expenditure decreases



Source: Company information

Recycling business performing well

- Adjusted EBITDA contribution of US$10 million (R123 million) in H1 2018
- 3E PGM throughput of 360,246oz compares with 390,703oz for H2 2017
- Average of 60,041oz per month fed higher than monthly average of the last few years except for the higher H2 2017 throughput

Average catalyst volumes fed per day

Source: Company

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Group financial results

Income statement

Figures in R' million	H1 2018	H1 2017
Revenue	**23,910.0**	19,219.2
Cost of sales, before amortisation and depreciation	**(19,642.4)**	(15,986.7)
Net other cash costs	**(372.0)**	(142.8)
Adjusted EBITDA	**3,895.6**	3,089.7
Amortisation and depreciation	**(3,094.7)**	(2,496.7)
Net finance expense	**(1,192.9)**	(1,244.8)
(Loss)/gain on financial instruments	**710.2**	(261.3)
Impairments	**(59.6)**	(2,796.0)
Occupational healthcare expense	**(10.2)**	(1,077.2)
Transaction costs	**(193.0)**	(401.6)
Net other	**211.3**	264.2
(Loss)/profit before royalties and tax	**266.7**	(5,044.2)
Royalties	**(103.7)**	(172.9)
Mining and income tax	**(84.7)**	414.4
Profit/(loss)	**78.3**	(4,802.7)

Chrome and other by-product sales

Revenue includes the following by-product sales:

Figures in R' million	H1 2018	H1 2017
Chrome sales	**480.0**	196.4
Other by-product sales	**559.5**	394.5
	1,039.5	590.9

Care and maintenance costs

Care and maintenance costs at the Cooke operations and Marikana are R273 million and R5 million, respectively.

Finance expense

Interest decreased in H1 2018 due to the successful refinancing of the Stillwater Bridge Facility.

Loss on financial instruments

At 30 June 2018, the US$450 million Convertible Bond derivative financial instrument was revalued and decreased by R810 million due to the convertible bonds trading well below par.

Mining and income tax

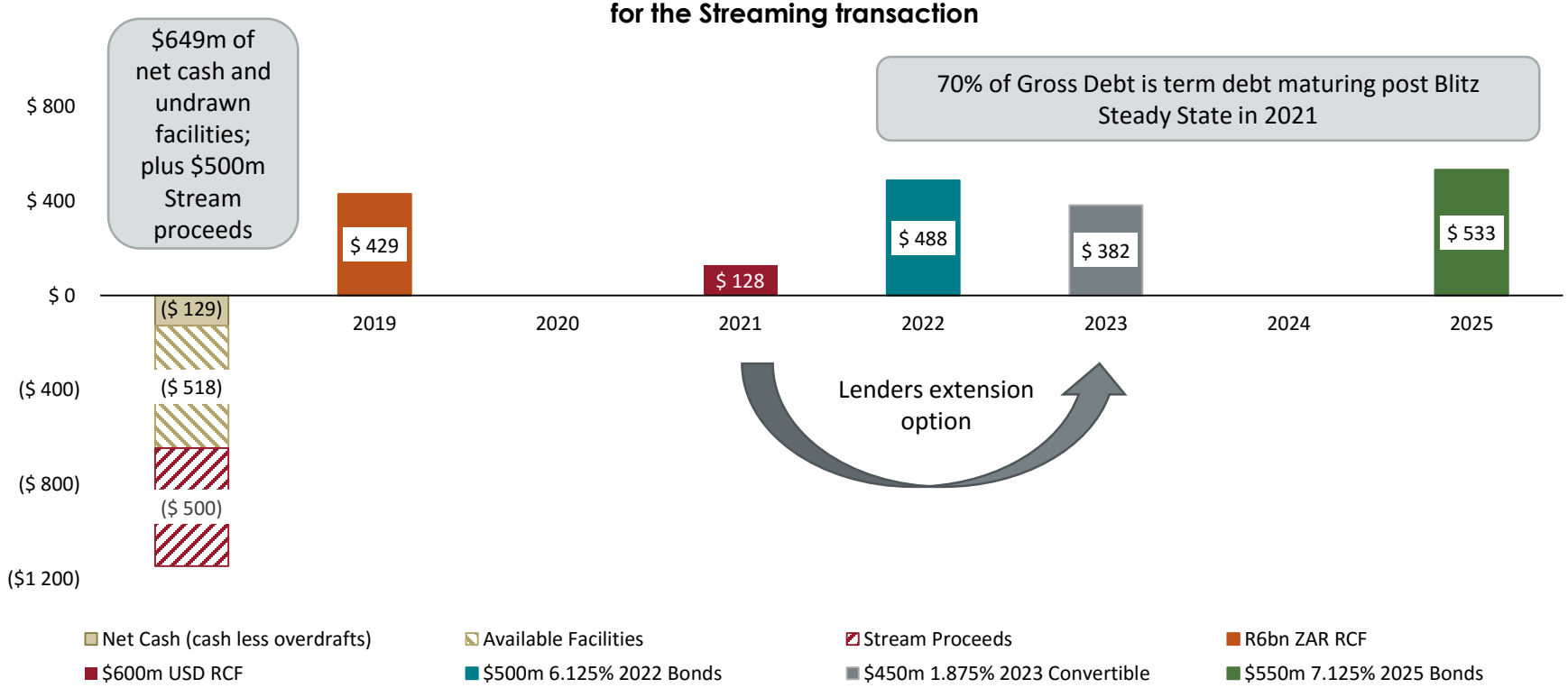
%	H1 2018	H1 2017
Effective tax rate	**52**	8

The H1 2018 effective tax rate was higher than the SA statutory tax rate (28%) due to Cooke deferred tax not being recognised (on assessed losses and other deductible temporary differences). The H1 2017 effective tax rate was lower due to the tax effect of non-deductible finance expenses and transaction costs (related to the Stillwater acquisition) and Cooke deferred tax not recognised .

Debt maturity profile

- US$500 million streaming proceeds received on 25 July 2018 - application of proceeds will go towards reducing LT debt
- Pro-forma reduction of Net debt:adjusted EBITDA at 30 June 2018 from 2.55x to ~1.85x, well below current covenant of 3.5x and step down to 2.5x at end 2018

Debt maturity ladder (i.e. Capital repayment profile) in US$ millions as at 30 June 2018 - adjusted for the Streaming transaction



Ample liquidity with low risk repayment profile

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Strategic delivery

Our three-year strategic focus areas

Strengthen our position as a leading international precious metals mining company by:

- Deleveraging our balance sheet
- Maintaining our focus on operational excellence
- Improving our position on global industry cost curves
- Addressing our SA discount
- Pursuing value-accretive growth, based on a strengthened equity rating
- Consistent delivery on our market commitments

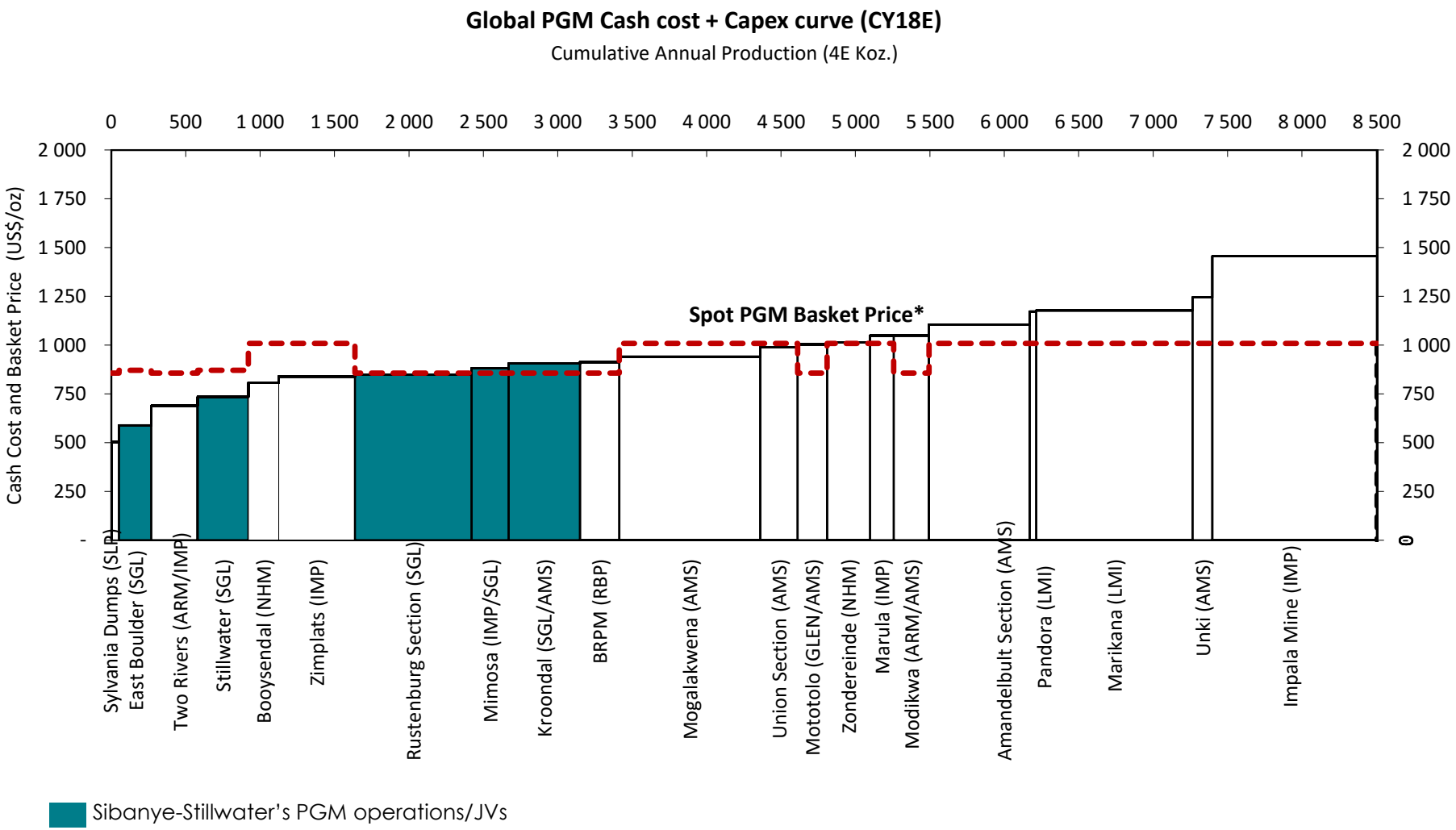
Well positioned to benefit from any upside in metal prices

Delivering on our strategy

Strategic goal	Rating	Comments
Deleveraging our balance sheet	4	Accelerated deleveraging through stream – reduced financial risk; more deleveraging to come
Maintaining our focus on operational excellence	3	PGM operations continued to deliver strong results. SA gold operations significantly affected by safety incidents
Improving our position on global industry cost curves	3	SA PGM operations have moved down the cost curve since acquisition. Gold unit costs impacted due to safety incidents.
Consistent delivery on our market commitments	3	Delivery on deleveraging by implementing the stream, delivery on YTD guidance for SA PGM and US region, while gold guidance was updated in July due to safety stoppages
Addressing our SA discount	1	No change, SA discount still applied
Pursuing value-accretive growth, based on a strengthened equity rating	1	Focussing on deleveraging - no new specific external growth being pursued

Keys	1 not achieved; 5 excelled
	Group overall improvement
	Some operations performed well
	Group/all operations still working towards goal

Moving down the PGM cost curve



Sibanye-Stillwater's PGM operations/JVs

Source: Nedbank research

**Prices at end June 2018:* Platinum: US$950/oz; Palladium: US$950/oz; Rhodium: US$2,250/oz and Exchange rate of R/US$13.70

World class, low cost US PGM mines with the SA PGM operations well placed on the cost curve

DRDGOLD partnership concluded

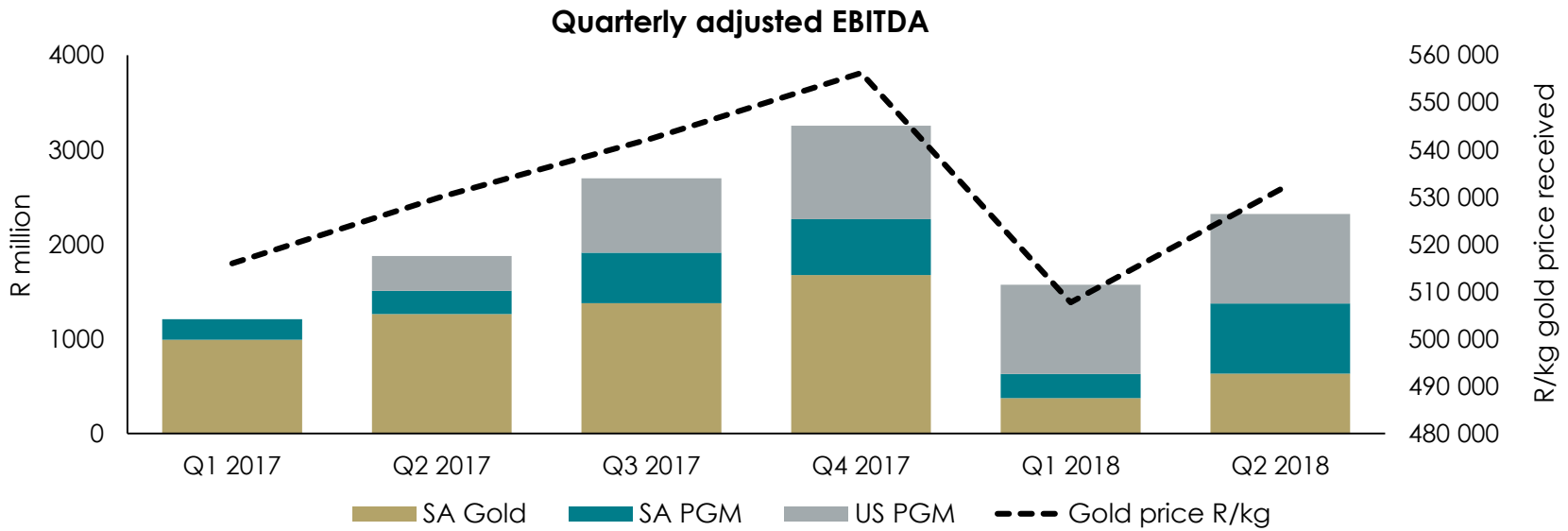
- From 1 August 2018 DRDGOLD will be fully consolidated into Sibanye-Stillwater's operational and financial results – positive EBITDA impact
  - Selected surface assets from the West Rand Tailings Retreatment project (WRTRP) vended into DRDGOLD
  - Sibanye-Stillwater now owns 38.05% in DRDGOLD – immediate value created
  - ensures extraction of value from under-utilised surface infrastructure and TSFs, while retaining upside to the WRTRP and future growth in DRDGOLD
  - Sibanye-Stillwater has an option to subscribe for additional DRDGOLD shares at a 10% discount to the 30 day VWAP within 24 months to increase its shareholding to 50.1%

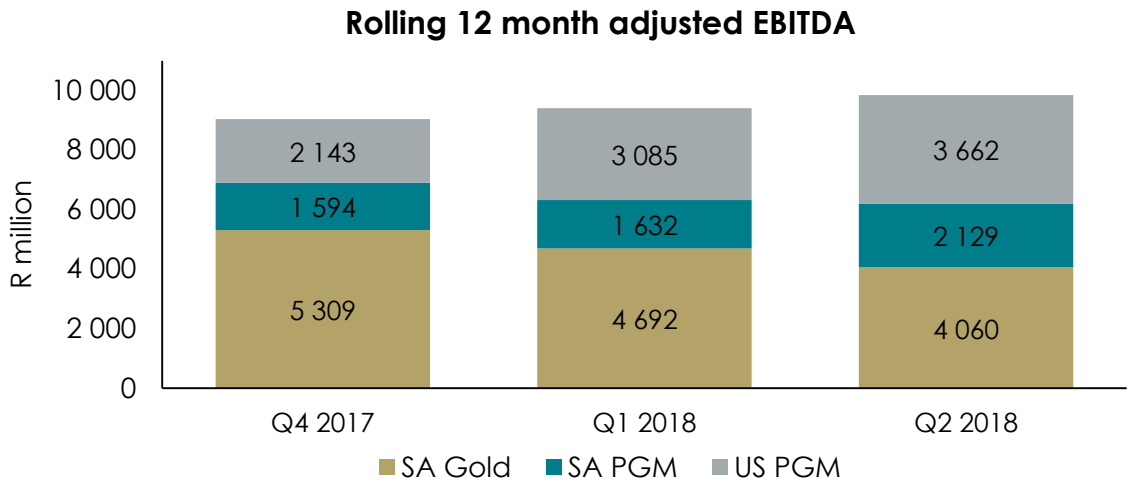
Indicative milestones to closing Lonmin deal

- Announcement of transaction – 14 December 2017 ✓
- SA Reserve Bank approval obtained – May 2018 ✓
- Competition commission submissions – SA and UK authorities ✓
- UK competition commission approval received ✓
- SA Competition commission ruling expected
- Circulars expected to be released to shareholders - expected Q4 2018
- Lonmin shareholder approval and court meeting – expected Q4 2018
- Sibanye-Stillwater shareholder approval – expected Q4 2018
- Court approval of the scheme

Target completion: Q4 2018

Strategic evolution yielding benefits

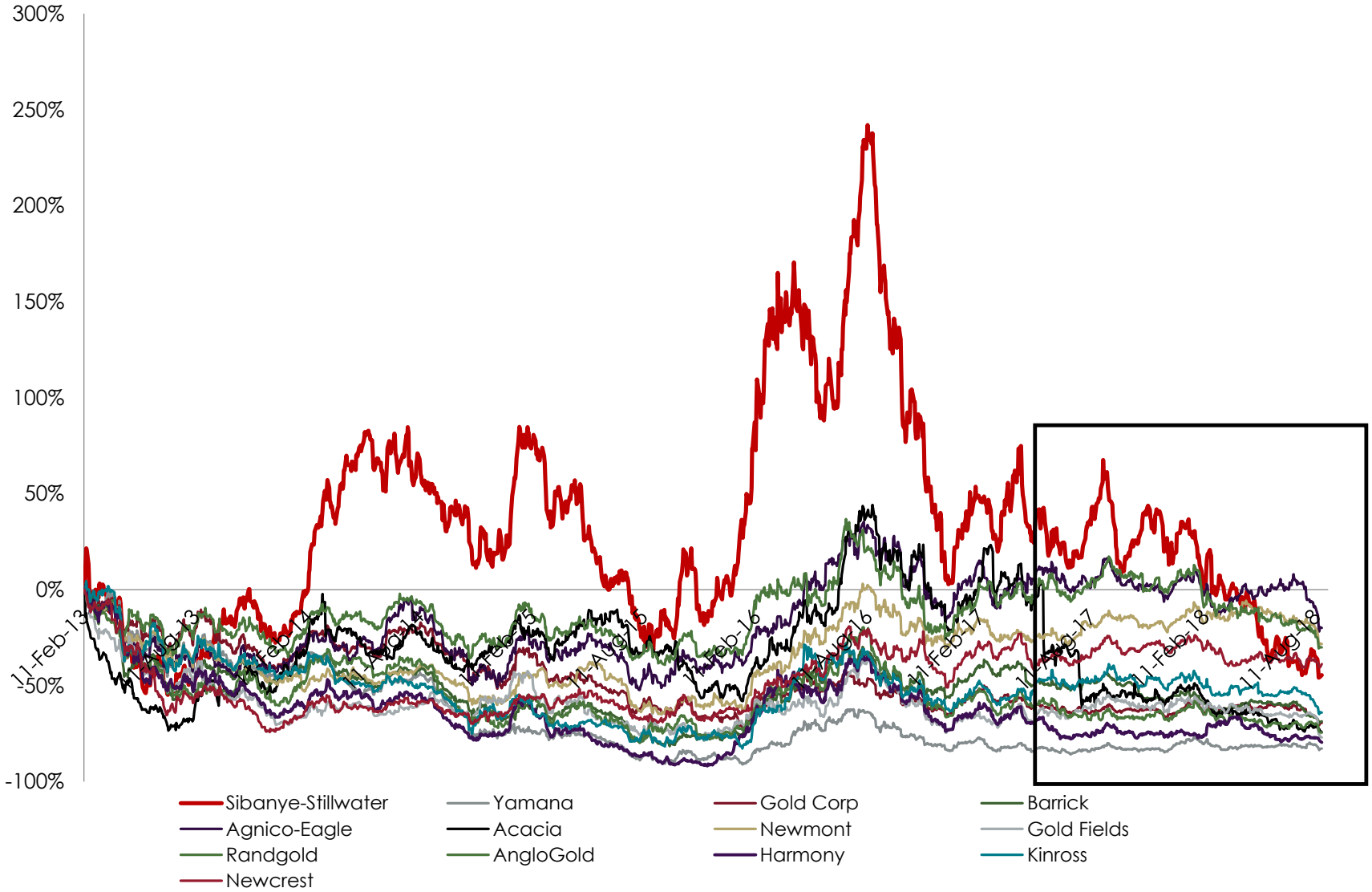




**The Group reports adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) based on the formula included in the facility agreements for compliance with the debt covenant formula. For a reconciliation of profit/loss before royalties and tax to adjusted EBITDA, see note 9.2 of the condensed consolidated interim financial statements*

Gold division has significant potential to increase EBITDA contribution

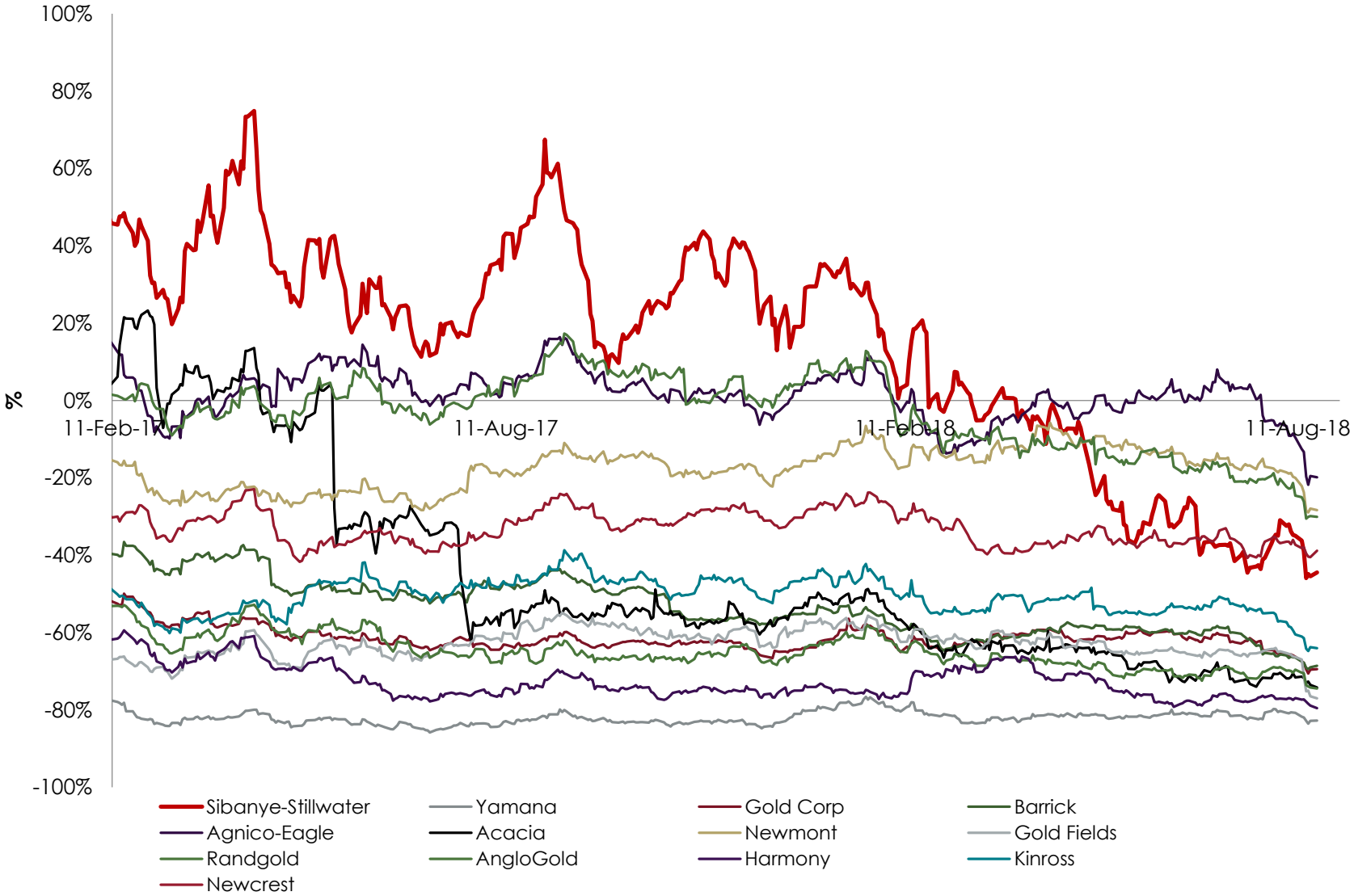
Relative share price performance



Source: IRESS

Outperforming global gold peers until H1 2018

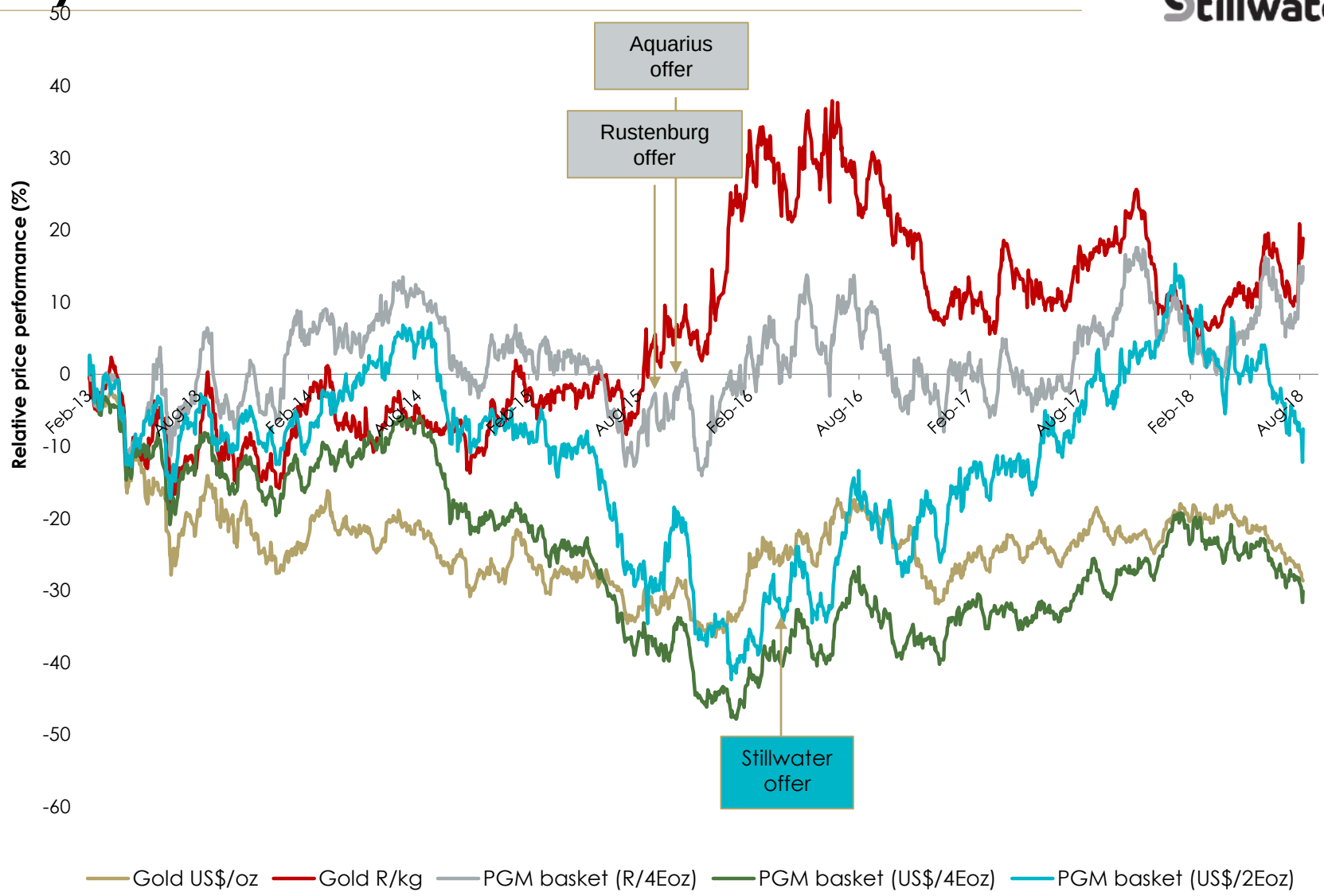
Relative share price performance



Source: IRESS

Notable recent underperformance due to concern about debt and safety incidents

Key revenue drivers

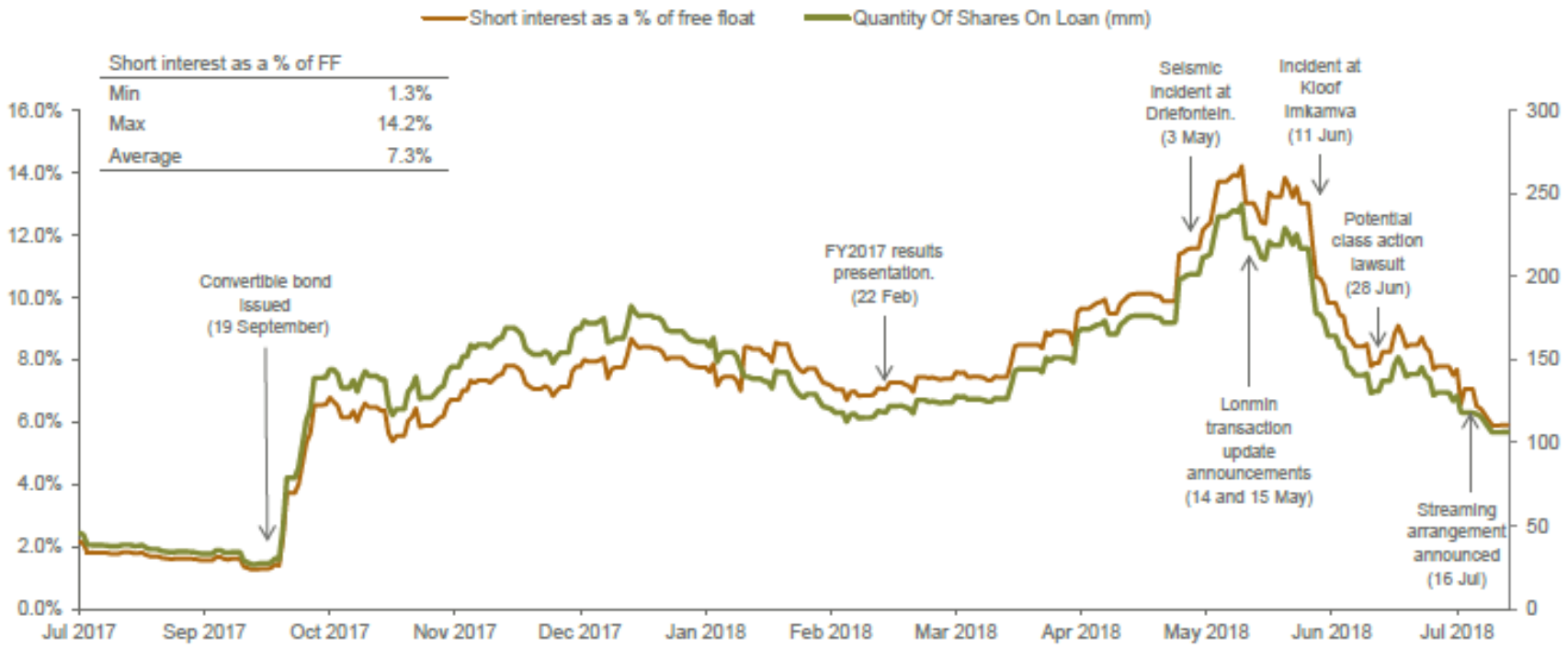


Source: IRESS

Rand depreciation currently benefiting SA producers

Short positions added pressure to share price

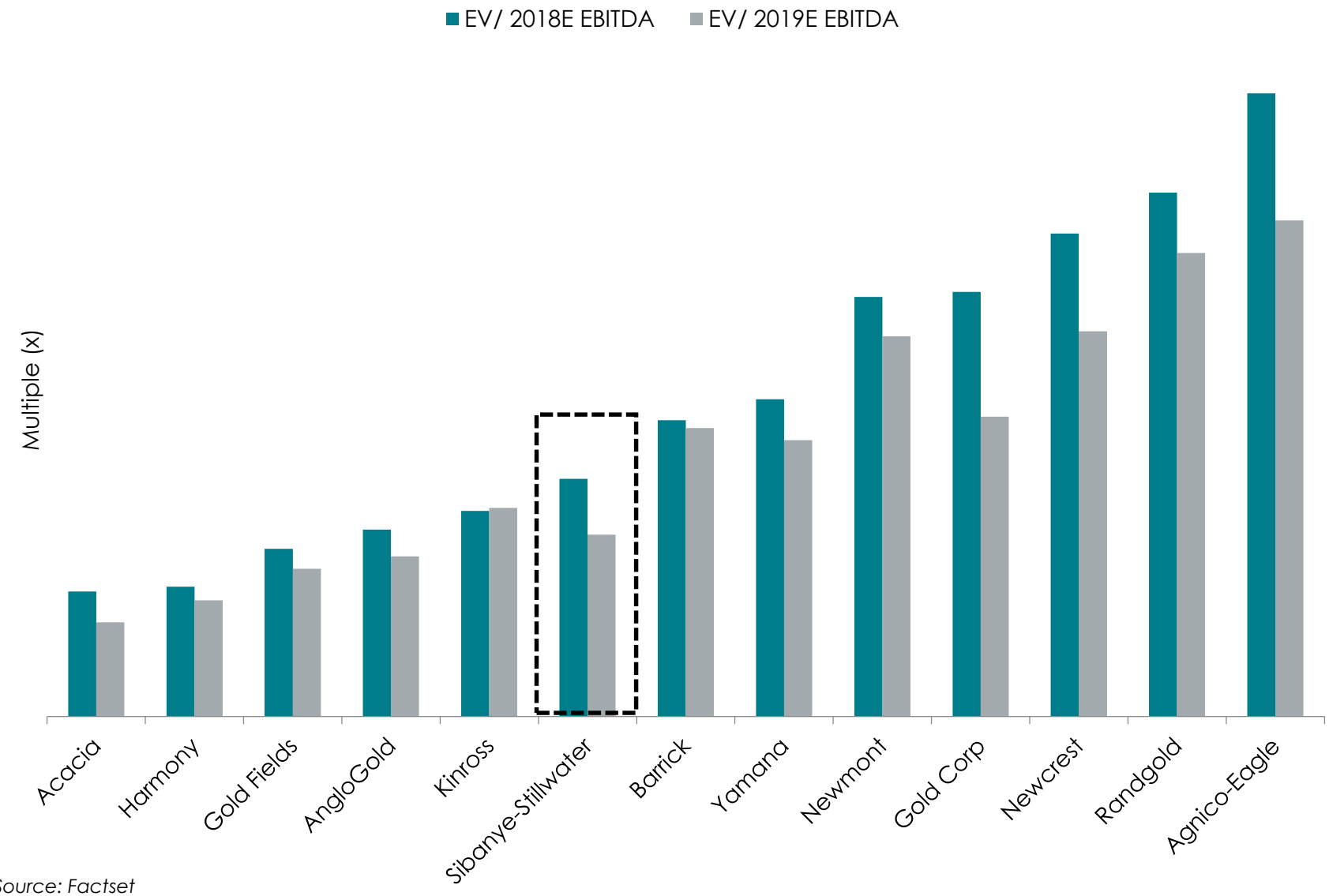
- Short positions established when US$450m convertible bond was announced
- A reduction in short interest from over 14% to about 6% since May 2018



Source: JP Morgan analysis

Short positions have normalized

Relative value



Source: Factset

Outlook positive, resulting in increasingly attractive valuation metrics

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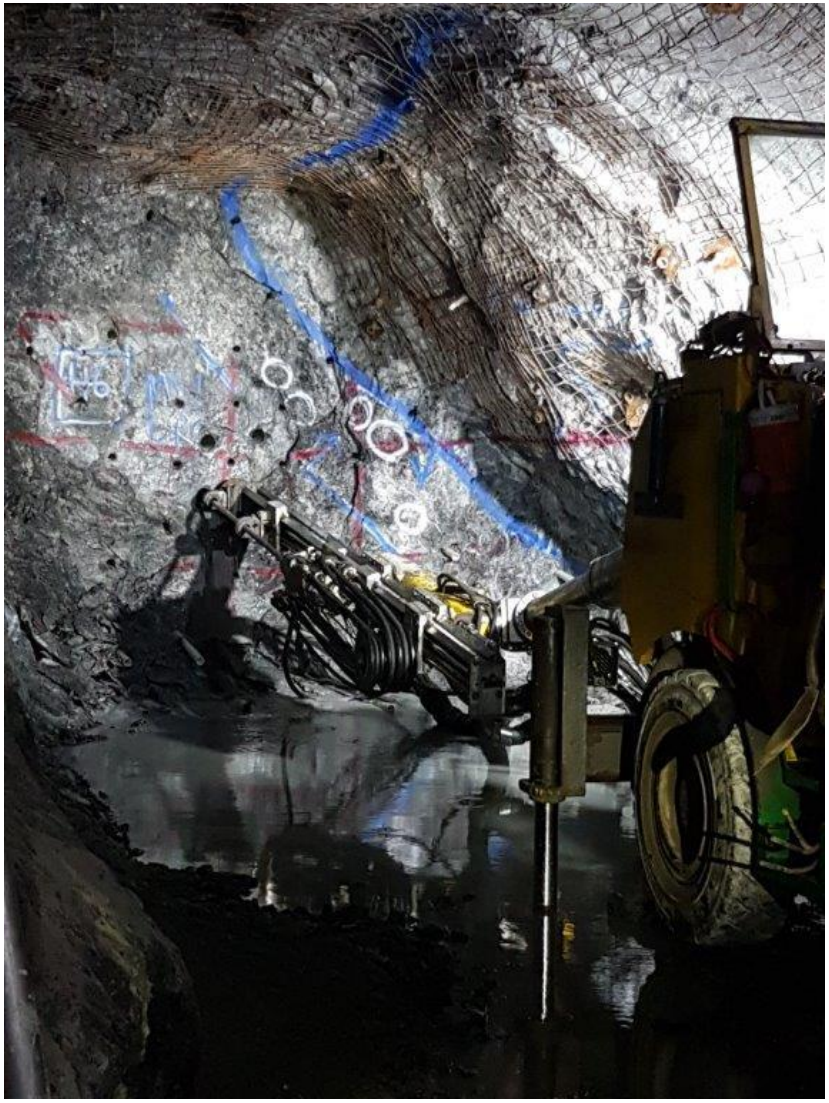
Conclusion

Conclusion

- Safety is a core value and the emphasis on safe production has intensified throughout the Group
- Sibanye-Stillwater delivered a solid result in H1 2018, despite the numerous operational disruptions and the challenging economic environment
- Delivery on strategic imperatives has continued, with significant deleveraging through a competitively priced US$500 million stream
- Our strategy has been consistent and has resulted in a competitive performance relative to the majority of our peers
- We remain focused on creating superior value for all our stakeholders



2018 Guidance*

	Production	All-in sustaining costs	Total capital
SA Gold operation (excl DRDGOLD[2])	36,500 - 37,500 kg (1.17 - 1.21Moz)	R515,000 - 530,000/kg (US$ 1,227 - 1,263/oz) [1]	R3,000 million (US$230 million) [1]
SA PGM operations	1.1 – 1.15 Moz (4E PGMs)	R10,750 - 11,250/4Eoz (US$825 - 860/4Eoz) [1]	R1,200 million (US$92 million) [1]
US PGM operations	580 – 610 koz (2E PGMs mine production)	US$640 - 680/oz	~US$222 million

Source: Company forecasts
** As announced on 2 July 2018*
[1] Estimates are converted at an exchange rate of R13.05/US$
[2] DRDGOLD will be consolidated into the Sibanye-Stillwater group from August to December 2018 which will increase gold production and is likely to decrease costs

Positive operational outlook with upside from the DRDGOLD production and costs post consolidation

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Q&A

"SA mining has a bad name because we are very loud about negative and very quiet about positive. When you do good, you will not make it onto the news. We must begin to talk positively about our industry. It is a good industry. It makes things happen & contributes to economy"

Gwede Mantashe on Twitter

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