Unpacking the PGM supply conundrum

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Understanding our PGM strategy
The PGMs are produced as a basket

Breakdown of demand by metal use (2017)

<table>
<thead>
<tr>
<th>Metal</th>
<th>Investment</th>
<th>Autocatalysts</th>
<th>Jewellery</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iridium</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ruthenium</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rhodium</td>
<td>1</td>
<td>82</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>Palladium</td>
<td>-4</td>
<td>83</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Platinum</td>
<td>5</td>
<td>44</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>Overall PGMs</td>
<td>62</td>
<td>10</td>
<td>28</td>
<td></td>
</tr>
</tbody>
</table>

Global prill split

Sources include: Johnson Matthey, SFA Oxford, WPIC, company information

Individual PGMs should not be looked at in isolation
Platinum – primary supply

- Capital underinvestment by South African PGM producers (c.70% of global primary platinum supply) since global financial crisis
  - Insufficient to replace current production levels
- Without incentive-driven price growth, new supply coming on-stream seems unlikely or delayed
  - SA primary production expected to decline by 13% by 2025 (-1.5% CAGR)
  - SA platinum production peaked in 2006 at 5.3moz versus 3.9moz forecast in 2025E
- No new production expected from the Western Limb without a real basket price escalation exceeding 20-25%
  - The Western Limb currently represents more than 70% of South African supply

Sources: SBG Securities and Johnson Matthey, SFA Oxford, company estimates

Supply declines driven by low basket prices
Palladium – primary supply

• Supply expected to remain broadly flat over forecast period on the back of a decline in South African production
  – Primary palladium production increasing by 0.5% CAGR, with total production increasing at 2.0% CAGR
• Russian and North American supply expected to remain relatively stable

Source: Johnson Matthey, SFA Oxford, WPIC, company estimates

Palladium supply constant, driven primarily by regions where basket prices are not platinum dependent
A supply source driven by factors other than PGM prices

• Recycling is not the silver bullet!
  - Recycling of autocats largely driven by steel prices and not the US$ PGM basket
• Technical issues and loadings beginning to impact recycling throughput and forecast growth rates

Source: Johnson Matthey, SFA Oxford, WPIC, company estimates
Palladium: The most precious of the PGMs?

- We are structurally bullish with palladium set for sustained record deficits
  - Palladium excess inventories already closing in on normalised levels
  - Gasoline expected to maintain a majority market share through to 2025
  - Relatively flat long term producer supply CAGR lags a net-demand CAGR of 3.0%
  - Long-term substitution is anticipated to provide more balance to the overall PGM basket
    o excess Palladium inventories forecast to reduce to nil at current rates by 2021E
    o Substitution will become a necessity to stabilise and balance markets and price differentials

Source: Internal demand and supply model based on WPIC information, broker consensus and other sources
Platinum: Supply driven deficits on the horizon

- Despite current aversion to diesel ICE and EV penetration, platinum’s fundamentals remain constructive
  - Limited primary and secondary supply growth anticipated globally
  - Significant producer underinvestment in growth and sustaining capital since the GFC to result in long term South Africa primary producer supply instability
  - Demand remains well supported, even in diesel markets
  - Potential substitution away from Pd to Pt likely to introduce more market balance

- Platinum likely to remain in marginal surplus for the remainder of this decade, thereafter reverting to increasing deficits as primary production from SA contracts

**Platinum balance**

Source: Internal demand and supply model based on WPIC information, broker consensus and other sources

Despite declining diesel market share and EV concerns, we remain fundamentally bullish
Rhodium: The forgotten PGM

- Rhodium has outperformed the other primary PGMs YTD on the back of renewed market interest and demand stability
  - Rhodium has largely been in fundamental balance for most of this decade
  - Material deficits anticipated post 2020, driven by loadings stability and reduced primary production from SA
- Rhodium remains critical to reaching real world driving NoX emissions thresholds
  - Upside potential to rhodium loadings in autocats in an effort to reduce NoX
- Rhodium needs to be carefully managed - OEMs have long memories and are loathe to see a repeat of Rhodium’s historic price volatility
- Rhodium’s remains critical to the SA PGM basket (4E) and instilling price sustainability

Source: Internal demand and supply model based on WPIC information, broker consensus and other sources
Forming a unique, globally-diversified PGM business

Delivering on our PGM strategy
PGM strategic rationale

• Analysis of PGM industry fundamentals confirmed robust outlook
• SA PGM industry financially distressed due to low platinum prices since the GFC, labour disruptions and escalating costs (labour, utilities)
• Depressed sector valuations
• Opportunity to build a significant PGM business at a low point in the price cycle
• SA PGM mining operationally similar to gold mining
• Stillwater acquisition provided exposure to a tier 1 asset in the portfolio and provides the company a unique PGM geographical and PGM commodity mix
• Opportunity to leverage Sibanye-Stillwater’s regional operating model and hard-rock, tabular, labour-intensive mining competency to realise value
Implementing a value accretive PGM strategy

| AQUARIUS  | • First entry into the SA PGM sector – April 2016  
|           | • Lean, well run company  
|           | • Operational performance has increased to further record levels since acquisition |
| RUSTENBURG | • Effective November 2016  
|           | • Smart transaction structure aligned with expectations of platinum market outlook  
|           | • Significant synergies with Aquarius and gold central services  
|           | • Realised synergies of ~R1bn in 14 months, well ahead of previous target of R800m over a 3-4 year period |
| STILLWATER | • Tier one, US PGM producer acquired in May 2017  
|           | • High-grade, low-cost assets with Blitz, a world-class growth project  
|           | • Provides geographic, commodity and currency diversification  
|           | • 78% palladium content provides upside to robust palladium market |
| LONMIN    | • Attractive acquisition price at low point in platinum price cycle  
|           | • Significant potential synergies exist with our SA PGM assets  
|           | • Aligns with Sibanye-Stillwater’s mine-to-market strategy in SA and adds commercially attractive smelting and refining  
|           | • Sizeable resources provide long-term optionality |
SA PGM acquisitions

Historic SA PGM transactions

Acquiring sizeable resources at historically low prices

Source: Various companies’ disclosures
Note: Bubble size represents PGM Resources

www.sibanyestillwater.com
Revised Lonmin operational plan¹

- Lonmin’s mining plan revised after detailed due diligence
- Planning for current economic and market conditions
  - ‘lower for longer’ plan
- Conservative plan not contingent upon project capital expenditure thereby ensuring affordability
- First generation shafts to be put on care and maintenance as per Lonmin plan
- Flexibility to delay project capital investment
  - optionality to significantly extend operating life in a higher PGM price environment

¹ Source: Lonmin’s company information and due diligence performed by Sibanye-Stillwater

Affordable mining plan with optionality
Moving down the PGM cost curve

**Source:** Nedbank research


World class, low cost US PGM mines with the SA PGM operations well placed on the cost curve
Becoming a leading precious metals company

### Sibanye-Stillwater global PGM ranking

<table>
<thead>
<tr>
<th>2018E platinum production (Moz)</th>
<th>2018E palladium production (Moz)</th>
<th>2018E gold and gold equivalents production (Moz)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sibanye-Stillwater (post LMI)</strong></td>
<td><strong>Norilsk</strong></td>
<td><strong>Newmont</strong></td>
</tr>
<tr>
<td>1.7</td>
<td>1.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Amplats</td>
<td>Amplats</td>
<td>Barrick</td>
</tr>
<tr>
<td>1.6</td>
<td>1.0</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Impala</strong></td>
<td><strong>Sibanye-Stillwater</strong></td>
<td><strong>Sibanye Stillwater</strong></td>
</tr>
<tr>
<td>0.7</td>
<td>1.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Norilsk</td>
<td>Impala</td>
<td><strong>AngloGold</strong></td>
</tr>
<tr>
<td>0.2</td>
<td>1.0</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>RBPlats</strong></td>
<td><strong>North American Palladium</strong></td>
<td><strong>Goldcorp</strong></td>
</tr>
<tr>
<td>0.3</td>
<td>0.3</td>
<td>2.5</td>
</tr>
<tr>
<td>Northam</td>
<td>Northam</td>
<td><strong>Kinross</strong></td>
</tr>
<tr>
<td>0.1</td>
<td>0.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Glencore</td>
<td>Glencore</td>
<td><strong>Newcrest</strong></td>
</tr>
<tr>
<td>0.1</td>
<td>0.04</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Polyus</strong></td>
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<tr>
<td></td>
<td></td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Freeport-McMoRan</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Gold Fields</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: Company filings, Wood Mackenzie

Notes:
1. Sibanye –Stillwater gold equivalents included completed on a 4E PGM basis
2. Gold equivalent ounces calculated as PGM basket price in the period (USD1,007/oz) / average gold price (USD1,286/oz) in the period multiplied by PGM production (4E) and using the Sibanye – Stillwater H1 2018 prill split
3. Sibanye – Stillwater annualised production estimates, calculated on a mine-to-market basis

Positioned globally as a leading precious metals producer
Reserve grade and scale is world-class

Source: SFA Oxford, company reports
Conclusion
Conclusion

• Built sizeable, diversified PGM business at low point in cycle
• Realisation of synergies in SA and growth in US positions Group perfectly for higher price environment and for sustainability through cycle lows
• Closure of Lonmin acquisition will complete SA PGM strategy – logical value opportunity
• Fundamental PGM outlook positive – under various scenarios, deficits for platinum and palladium likely
• Current market value doesn't reflect fundamental value
A unique value proposition

A leading precious metal company

Largest producer of South African gold

Top 3 GLOBAL PRODUCER of platinum and palladium

Stillwater – only sizeable primary producer of Palladium

Leading GLOBAL PGM recycler

The PURPOSE of our mining is to IMPROVE LIVES

Delivery of superior value to all stakeholders drives strategy

Operational excellence and innovative growth to create sustainability

Gold mine life >15 years
PGM mine life > 30 years

Proudly South African while competing on a global stage

Source: Company information
Questions?
Material synergies with Lonmin operations

Pre-tax synergies of approx. R1.5bn annually by 2021

<table>
<thead>
<tr>
<th>Quantified synergies</th>
<th>Incremental synergy potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Overhead costs (R730m annually by 2021)</td>
<td>• Ability to mine through existing mine boundaries</td>
</tr>
<tr>
<td>– corporate office rationalisation (closing London office and delisting)</td>
<td>• Optimal use of surface infrastructure</td>
</tr>
<tr>
<td>– regional shared services</td>
<td>• Optimising mining mix</td>
</tr>
<tr>
<td>– operational (mining) services</td>
<td>• Prioritisation of projects and new growth capital</td>
</tr>
<tr>
<td>– once-off R80m cost required to achieve these synergies</td>
<td>• Capital reorganisation in line with new consolidated regional plan</td>
</tr>
<tr>
<td>• Processing synergies</td>
<td></td>
</tr>
<tr>
<td>– differential cost benefits of R780m by 2021 and an average of approximately R550 annually from 2021</td>
<td></td>
</tr>
<tr>
<td>– Capex of approximately R1bn required for purchase of a new furnace</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. For further information in relation to expected synergies, please refer to page 17 and pages 58 to 60 of the offer announcement, dated 14 December 2017, available at https://sibanyestillwater.com/investors/transactions/lonmin/documents
2. For overhead synergies, total savings anticipated when fully implemented in FY21; varies per toll agreement production throughput for processing synergies with average calculated between 2021 and 2032
3. Synergies which are unquantifiable at this point in time

Realisation of synergies will ensure operational viability
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 Tribunal ruling expected
- Circulars expected to be released to shareholders
- Lonmin shareholder approval and court meeting
- Sibanye-Stillwater shareholder approval
- Court approval of the scheme
Change is inevitable

Fifth Avenue, New York in 1900 versus 1913

Source: Pinterest

Change is inevitable, industry positioning, understanding and development is key
The market will remain disrupted

- The market remains conflicted regarding the PGM outlook
  - Proactive marketing continues to sway the public’s perception and opinion regarding diesel, ICE and BEVs
  - Inherent belief that PGM supply will always be available to meet demand
- Limited recognition of the role of hybrids and fuel cells EV penetration
  - Not all EV’s are equal!
- The internal combustion engine (ICE) remains key to the autos outlook
  - Diesel is crucial to meeting long term global CO₂ emissions

Sources include: Company forecasts

Not all EV’s are equal, with hybrid technology forecast to be a mainstay technology
The outlook for BEVs is euphoric

- The outlook for battery electric vehicle (BEVs) is over hyped
  - The assumptions underpinning EV penetration are likely to be refined as the challenges associated with a BEV roll-out strategy become clearer
  - A “group think” view is developing underpinned by strong marketing campaigns
- The spread of BEV forecasts is wide, on both the up and downside
  - Outlier BEV penetration estimates range from 2% to 11% by 2025E
  - Consensus BEV penetration estimates range from 4% to 6% by 2025E, mirroring our current model estimates

Sources include: Johnson Matthey, company forecasts

Our BEV forecasts are well within current market forecast ranges