PERSPECTIVE FROM THE CHAIR

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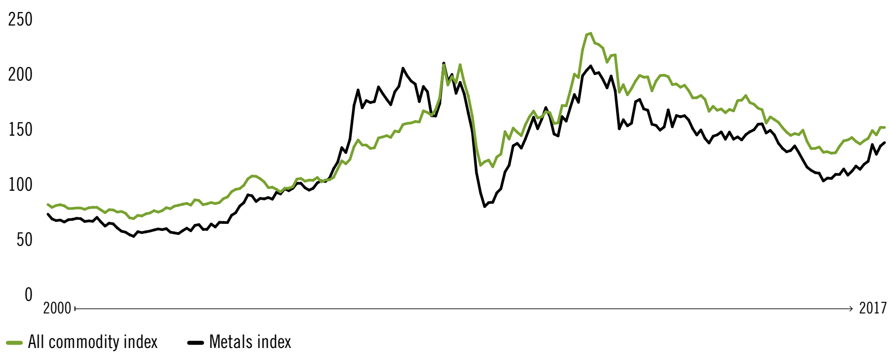
I am pleased to present this report to all the stakeholders at a time when we have positioned Sibanye to be a company of real stature in our sector. The past year has been particularly significant with Sibanye's entry into the PGM industry resulting in the company transitioning from a top ten gold producer to a leading precious metals enterprise. The conclusion of the acquisitions of Aquarius Platinum Limited and the Rustenburg assets, established Sibanye as a leading PGM producer.

The proposed acquisition of the low-cost, high-grade Stillwater operations and downstream processing and refining operations, is likely to cement Sibanye's position as a globally influential, top tier precious metals company, if approved by shareholders. This strategy has the full support of the Sibanye Board. We are confident that the longer-term fundamentals for platinum and palladium supply and demand remain sound and we are convinced that Sibanye's considered entry into this industry, at a favourable point in the commodity price cycle, will deliver significant value for stakeholders.

The global political and economic outlook in the beginning of 2016 was poor and with the demand outlook for commodities uncertain and little evidence of supply discipline, commodity prices in general were depressed, reaching lows not seen since 2009, just after the global financial crisis.

Economist commodity indices



Uncertainty of this nature is generally positive for gold demand, and the dollar gold price rose steadily in the first quarter of 2016, supported by a muted US economic outlook and the threat of an interest rate hike becoming more remote. Local gold producers, after years of restructuring and cost cutting, were already benefiting from higher rand gold prices following the abrupt depreciation of the rand in November and December 2015, due to unexpected political disquiet in the Finance Ministry of South Africa. These astonishing political actions, seemed to set the scene for a number of unpredictable global economic and political events, which caused considerable market instability and volatility.

Sello Moloko – Chairman

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The first of these implausible global events in 2016 was the unanticipated pro-Brexit victory in June, which threw global markets into turmoil. The resultant increase in speculative demand for gold as a hedge against uncertainty, boosted the dollar gold price to over US$1,360/oz and the rand gold price to new all-time highs of over R650,000/kg in July 2016, significantly boosting operating margins for the local industry.

Somewhat surprisingly though, following the initial reaction to the pro-Brexit vote, the global markets appeared to shrug off any major economic consequences. The commodity prices in fact continued to build on price gains made since the beginning of the year, signalling expectations of a recovery in demand. With economic concerns abating, expectations of interest rate hikes in the US again began to weigh on the gold price, which declined steadily toward year end, dragging the platinum price with it. Even the widely unanticipated election of Donald Trump as President of the US in November 2016, which many market commentators had predicted to be positive for the gold price, did little to arrest the steady decline in the gold price and other precious metals.

South Africa has never been immune from political excitement and the groundswell of activism for change grew into 2016. The student campaigns, the Constitutional Court rulings seeking to protect the sanctity of the country's constitution and the prominent losses suffered by the ANC in local municipal elections were highlights of 2016. With the leadership shown by the National Treasury, South Africa managed to reduce the prospect of a ratings downgrade.

With the risk of a sovereign ratings downgrade diminishing and the rand strengthening against the US dollar, the rand gold price retraced most of its gains to end the year flat at R509,000/kg. With operating margins again under pressure, Sibanye's share price lost gains previously made, along with rand gold and PGM prices, and, just prior to the announcement of the Stillwater transaction, had fallen from a peak of R70 to approximately R28 a share.

While the longer-term political and economic ramifications of events such as the pro-Brexit vote in the United Kingdom and the election of Donald Trump in the United States of America, are difficult to predict and market uncertainty and volatility are likely to persist for some time, the consensus outlook for precious metal prices in the near term remains subdued. This is particularly so in rand terms, with the rand remaining surprisingly resilient and market consensus increasingly biased towards a stronger for longer local currency. The strong currency will significantly impact industry margins, particularly when considering that local mining cost inflation is higher than general CPI or PPI due to above inflation electricity cost increases and above inflation wages increases. Management at Sibanye in preparation for a strong rand environment have already deferred non-critical growth capital expenditure at some projects and are reviewing operating costs and reassessing operating plans in order to ensure sustainability.

In addition to the prevailing economic uncertainty, the business environment in South Africa has become more challenging in the last year, due to continued policy uncertainty, heightened regulatory intervention and an unsettled political environment. These political and economic challenges and their possible future impact on the operating environment need to be acknowledged and regularly considered by the board and management of Sibanye and factored into the Group strategic thinking. We remain committed to building a sustainable mining company which creates superior value for all stakeholders and we will continue to respond to challenges by managing our assets as efficiently and cost effectively as possible and, without compromising our strategic fundamentals, adapting our strategy in order to protect shareholder value.

PERSPECTIVE FROM THE CHAIR CONTINUED

We have pledged to deliver superior value to all stakeholders and we continue to engage with our employees, the unions, our host communities and the authorities, to ensure that all stakeholders benefit from our activities. We have had some notable successes, with constructive engagement with the unions averting a threatened strike early in the 2016 year, and securing the three-year gold wage agreement struck in October 2015. In October 2016 too, a three-year wage settlement was peacefully agreed in the Platinum Sector including our Rustenburg Operations, which I believe represents a maturing of the multi-union relationship in the industry and displays a refreshing pragmatism on employment and remuneration by employees as well as employers. We are also actively engaging with our communities to ensure that our social expenditure results in sustainable and value enhancing community development.

Looking forward, we continue to face policy and regulatory uncertainty, particularly the effects that the eventual passing of the Mineral and Petroleum Resources Development Act (MPRDA) Amendment Bill might have on the industry's voluntarily agreed Mining Charter and the discretionary powers proposed for the Minister of Mineral Resources. As a major employer and listed company, we need to understand the terms and cost of doing business in South Africa to make informed decisions and commit to what is fair. The Industry through the Chamber of Mines has attempted to engage constructively with the Department of Mineral Resources (DMR) on some of the more punitive and ambiguous aspects of both the MPRDA and the Mining Charter, but at this stage the outcome remains unclear.

Another issue which has arisen between the industry and the DMR has been imposition of work stoppages in terms Section 54 of the Mine Health and Safety Act, in the event of accidents or safety transgressions in localised sections of a mine. While our commitment to safety remains firm and we apply significant resources to improving safety at our operations, these stoppages can have a significant impact on the economic viability of operations and hence, on future employment. The industry continues to engage with the DMR on this issue and is hoping to agree on a set of clear procedures and guidelines governing the application of Section 54s.

The integration of the Aquarius PGM operations, since the transaction was concluded in April 2016, has proceeded according to plan. Transitions of this nature and scale are always difficult, but it has been pleasing to note that the operational excellence that characterised the Aquarius operations has been maintained under Sibanye's management. The outstanding regulatory approvals for the acquisition of the Rustenburg Operations were finally received towards the end 2016 enabling Sibanye to take operational control from 1 November. It was again pleasing to note the operational turnaround achieved at the Rustenburg Operations

R74 million
IN OPERATING PROFIT

Group contribution by newly-acquired Rustenburg Operations

during the final quarter of 2016, after a challenging first nine months. During the two months under Sibanye operational control, the Rustenburg Operations delivered to plan and contributed R74 million in operating profit to the Group after recording significant losses earlier in the year. As previously indicated, management expects to realise over R800 million of identified annual synergies as the Platinum Division is fully integrated over the next three years. The initial steps have been taken and management expects to achieve approximately R400 million of these synergies by the end of 2017.

The proposed acquisition of Stillwater Mining Company (Stillwater) was announced on 9 December 2016 following extensive due diligence by management. The Board is confident that this transaction is value accretive and will uniquely and strategically position Sibanye as an influential and globally-competitive precious metals producer. The proposed transaction is consistent with Sibanye's strategy of pursuing value-accretive growth which will sustain its status as an industry-leading dividend-paying company and offers the additional strategic benefits of commodity and geographical diversification as well as a potential market rerating over time.

Sibanye remains committed to growth in South Africa and other geographies, and is well positioned to pursue further value-accretive opportunities in the near and medium term. The Board and management of Sibanye will also be mindful of the prevailing risks however, when considering further significant long-term capital investment in the local and international mining industry.

Our primary focus in the coming year will be on bedding down our platinum acquisitions, making progress on reducing our financial leverage in line with our long-term targets and on fulfilling our vision to establish Sibanye as a premier, globally competitive precious metals mining company and in so doing to improve the lives of all. For this, our executive management team, led by Neal Froneman, are to be commended. Appreciation is also due to the entire Sibanye workforce, whose commitment to the company has been critical to what we have achieved in the past year. My thanks also go to my fellow directors on the Board, for their invaluable guidance and whole hearted support.

Sello Moloko
Chairman
30 March 2017