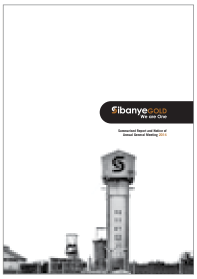
# Sibanye Gold

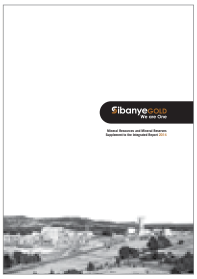
We are One

Integrated Annual Report 2014

# GUIDE TO OUR 2014 REPORTS

This report should be read in conjunction with the Summarised Report and Notice of Annual General Meeting 2014 and the Mineral Resources and Mineral Reserves Supplement to the Integrated Report 2014.





Sibanye Gold Limited (Sibanye or the Group) is listed on the Main Board of the JSE Limited (JSE) in terms of its stock exchange licence (ordinary shares) and on the New York Stock Exchange (NYSE) American Depositary Receipts (ADRs). Sibanye reports in compliance with the JSE Listing Requirements, the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, the South African Companies Act, 2008 (Act No 71 of 2008) (the Companies Act), the Code of and Report on Governance Principles for South Africa (King III), and in terms of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC) guidance on the reporting of Mineral Resources and Mineral Reserves.

As such, this integrated report for the year ended 31 December 2014 provides shareholders with an overview of the context, performance and objectives of the business; the resources and capacity it has at its disposal; and how these are used to deliver value for all of its stakeholders.

### REPORT CONTENT

In determining the content of the report, Sibanye has identified certain financial and non-financial issues that are most important to the sustainability of the Group. The report takes into account the International Integrated Reporting <IR> Framework published by the International Integrated Reporting Council (IIRC) in December 2013 and the G4 guidelines ("core" format) of the Global Reporting Initiative (GRI) to provide insight into the Group's resources and relationships ("the capitals": financial, human, manufactured, intellectual, social and relationship, and natural) that create value over time at Sibanye's operations, which include Beatrix, Cooke, Driefontein, Kloof and projects.

Sibanye focuses on sustainability issues deemed most important to the Group and its stakeholders. In determining these material issues, relating to G4, cognisance was taken of the guidance on materiality provided by the IIRC and the GRI.

The content-gathering and data-collation process for the report included questionnaires to relevant discipline heads and interviews based broadly on GRI systems already in place, for the provision of the quantitative information included in this document.

Sibanye currently collates and reports sustainable development performance on an annual basis.

### ASSURANCE

Sibanye's internal audit function is conducted in-house, and is required to provide an independent evaluation of the Group's internal control processes and systems in order to mitigate any business risks.

Independent assurance provider KPMG Services Proprietary Limited (KPMG Services) provided limited assurance on selected sustainability performance indicators in accordance with the International Standards on Assurance Engagements (ISAE) 3000. The period under review was 1 January 2014 to 31 December 2014 for the selected sustainability performance indicators.

The KPMG Services Statement of Assurance can be found on page 121.

The sustainability performance data selected by Sibanye for assurance by KPMG Services can be found on page 124.

The reporting guideline used by Sibanye includes the GRI G4 Sustainability Reporting Guidelines, the Broad-based Socio-economic Empowerment Charter for the South African Mining and Minerals Industry (Mining Charter) (2002) and related scorecard (2004) and the amendments to the Mining Charter (2010) and related scorecard (2010), as well as Sibanye's internally developed guidelines.

KPMG Inc (KPMG Inc) has audited the consolidated financial statements, and its report and opinion can be found on page 153 of this report. Sibanye's consolidated financial statements are available on page 160.

For more information on sustainability reporting at Sibanye, please contact:

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### FORWARD LOOKING STATEMENTS

*Certain statements in this document constitute "forward looking statements" within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934. These forward looking statements, including, among others, those relating to Sibanye's future business prospects, revenues and income, wherever they may occur in this document and the exhibits to this document, are necessarily estimates reflecting the best judgment of the senior management and directors of Sibanye, and involve a number of known and unknown risks and uncertainties that could cause actual results, performance or achievements of the Group to differ materially from those suggested by the forward looking statements. As a consequence, these forward looking statements should be considered in light of various important factors, including those set forth in this document. Important factors that could cause the actual results to differ materially from estimates or projections contained in the forward looking statements include, without limitation, economic, business, political and social conditions in South Africa and elsewhere; changes in assumptions underlying Sibanye's estimation of its current Mineral Reserves and Resources; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, as well as existing operations; the success of exploration and development activities; changes in the market price of gold and/or uranium; the occurrence of hazards associated with underground and surface gold and uranium mining; the occurrence of labour disruptions and industrial action; the availability, terms and deployment of capital or credit; changes in government regulations, particularly environmental regulations and new legislation affecting water, mining and mineral rights; the outcome and consequence of any potential or pending litigation or regulatory proceedings or other environmental, health and safety issues; power disruptions and cost increases; fluctuations in exchange rates, currency devaluations, inflation and other macro-economic factors; the occurrence of temporary stoppages of mines for safety incidents and unplanned maintenance reasons; Sibanye's ability to hire and retain senior management or sufficient technically skilled employees, as well as its ability to attract sufficient historically disadvantaged South Africans' representation in management positions; failure of Sibanye's information technology and communications systems; the adequacy of Sibanye's insurance coverage; any social unrest, sickness or natural or man-made disaster at informal settlements in the vicinity of some of Sibanye's operations; and the impact of HIV, tuberculosis and other contagious diseases. These forward looking statements speak only as of the date of this document. The Group 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 document or to reflect the occurrence of unanticipated events.*

# CONTENTS

# Overview

## Our vision:

### Superior value creation for all stakeholders through a culture of caring

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OBJECTIVES

03

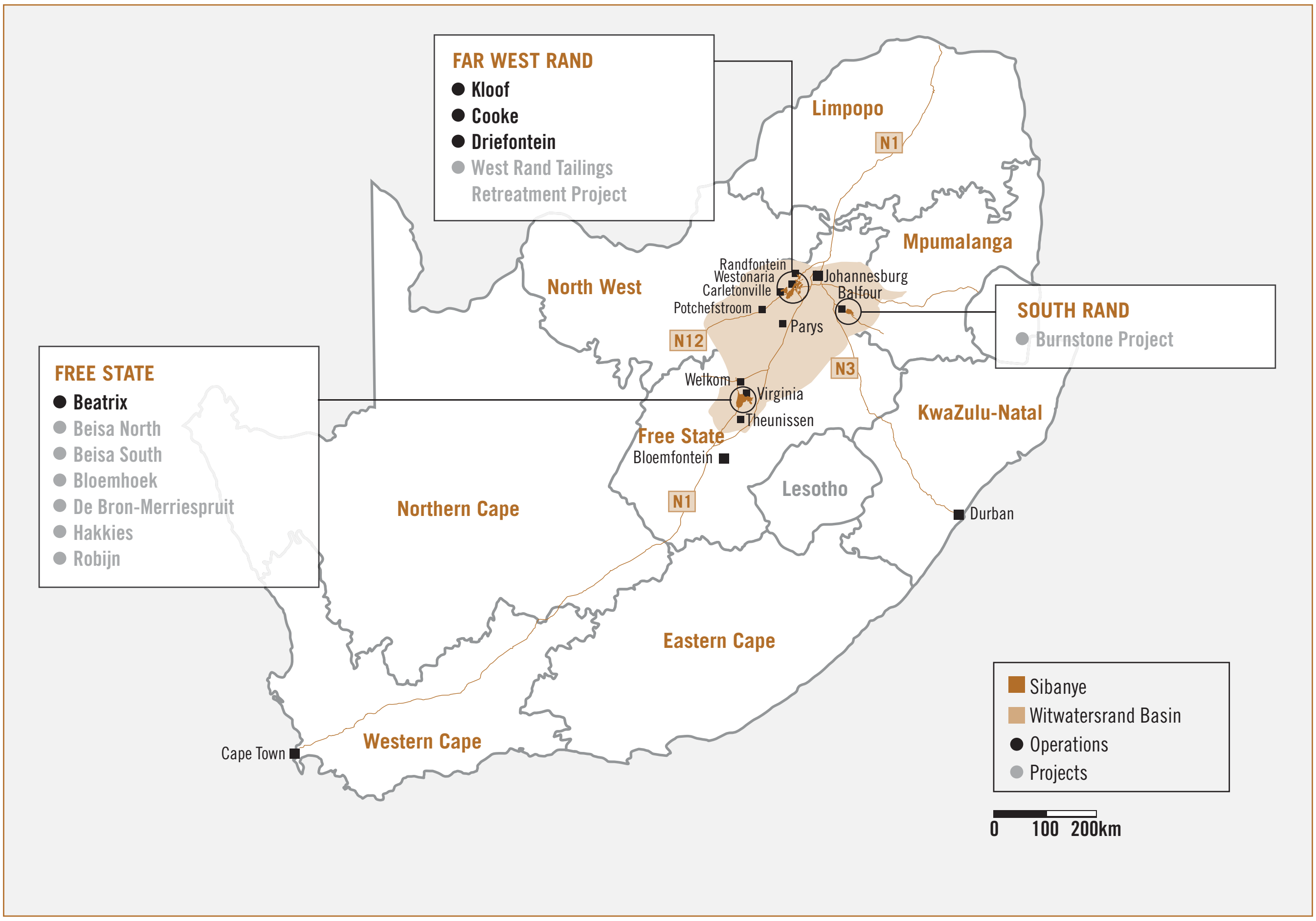


# OBJECTIVES

## 2014

| OBJECTIVE | KEY PERFORMANCE INDICATORS | PERFORMANCE |
|---|---|---|
| **Improve** safety, operational focus and productivity | Fatal injury frequency rate | 0.12 (2013: 0.10) |
| | Lost time injury frequency rate | 5.87 (2013: 6.13) |
| | Productivity | Integration and restructuring of Cooke acquisition (2013: Implementation of new operating model and organisational structure) |
| | Operating margin | 34% (2013: 38%) |
| **Arrest** declining production profile | Total milled | 18.24Mt (2013: 13.62Mt) |
| | Gold produced | 49,432kg (1.59Moz) (2013: 44,474kg; 1.43Moz) |
| **Reverse** increasing cost trends, reduce paylimits and increase margins | Operating cost | R785/t (US$73/t) (2013: R879/t; US$92/t) |
| | Total cash cost | R295,246/kg (US$849/oz) (2013: R273,281/kg; US$885/oz) |
| | All-in cost | R375,854kg (US$1,080/oz) (2013: R354,376/kg; US$1,148/oz) |
| | All-in sustaining cost | R372,492/kg (US$1,071/oz) (2013: R354,376/kg; US$1,148/oz) |
| | All-in cost margin | 15% (2013: 18%) |
| **Optimise** capital and increase flexibility | Debt | Approximately R2 billion (excluding Burnstone) (2013: R2 billion) |
| | Capital expenditure | R3,251 million (2013: R2,902 million) |
| | Gold Mineral Resources | 103.9Moz (2013: 128.7Moz restated) |
| | Gold Mineral Reserves | 28.4Moz (2013: 32.7Moz restated) |
| | Uranium Mineral Resources | 227.4Mlb (2013: 282.3Mlb restated) |
| | Uranium Mineral Reserves | 102.5Mlb (2013: 102.827Mlb restated) |
| **Deliver** value-accretive consolidation opportunities | Added value to extend the life of operations | Cooke acquisition (concluded) |
| | | Wits Gold acquisition (concluded) |
| | | Burnstone acquisition |

# GROUP PROFILE




# WHY SIBANYE?

**The word "Sibanye" means "We are one" in isiXhosa, one of the 11 official languages spoken in South Africa and the mother tongue of the majority of our workforce, drawn from labour-sending areas in the Eastern Cape province of the country.**

Geographically focused on South Africa, Sibanye currently owns and operates high-quality gold operations and projects throughout the Witwatersrand Basin.

As a responsible corporate citizen, we foster and maintain constructive engagement with all of our stakeholders in order to deliver on our vision of creating value for all stakeholders, to maintain our licence to operate, and ultimately for the long-term success of the business.

Our skilled and experienced workforce is a key stakeholder, and the safety, health and well-being of our employees are critical to our long-term success.

**"Sibanye is the largest individual producer of gold from South Africa** and is one of the world's 10 largest gold producers"

## CARE CULTURE

**Sibanye conducts its business in an ethical and fair manner, and promotes a non-sectarian, apolitical, socially and environmentally responsible corporate culture**.

This is achieved by living the CARE values:

- **Commitment:** Delivering on our promises to all our stakeholders
- **Accountability:** Accepting responsibility for our actions and their consequences
- **Respect:** Showing regard and consideration for others
- **Enabling:** Creating an environment where it is possible to work safely and productively

In pursuing these principles, we require our employees, officers and directors alike to adhere to and be bound by a Code of Ethics.

Sibanye is an independent, South African-domiciled mining group, which currently owns and operates four underground and surface gold operations – the Cooke, Driefontein and Kloof operations in the West Witwatersrand region, and the Beatrix Operation in the southern Free State province. In addition to its mining activities, the Group owns and manages significant extraction and processing facilities at the operations where the gold-bearing ore is treated and processed before it is refined. The Group has a number of organic projects including the West Rand Tailings Retreatment Project (WRTRP) on the Far West Rand and the Burnstone project on the South Rand of Gauteng province, as well as the Beisa North, Beisa South, Bloemhoek, De Bron-Merriespruit, Hakkies and Robijn projects in the Free State.

Sibanye is the largest individual producer of gold from South Africa and is one of the world's 10 largest gold producers. In 2014, the Group produced 49,432kg (2013: 44,474kg) or 1.59Moz (2013: 1.43Moz) of gold at an All-in cost of R375,854/kg (2013: R354,376/kg) or US$1,080/oz (2013: US$1,148/oz) and invested R3.3 billion (2013: R2.9 billion) in capital at its operations.

In 2014, in line with our strategy to create value by extending the operating lives of Group assets and in support of our dividend yield strategy, we assumed control of the Cooke underground and surface operations from Gold One International Limited (Gold One); concluded the acquisition of Witwatersrand Consolidated Gold Resources Limited (Wits Gold), a JSE and Toronto Stock Exchange (TSX) listed gold and uranium exploration company with significant gold resources in South Africa; and exercised the option held by Wits Gold to acquire the Burnstone gold mine from the previous owner, Great Basin Gold Limited (Great Basin Gold).

Sibanye's dividend policy is to pay at least 25% to 35% of normalised earnings to shareholders. The Group will return excess cash back to shareholders through the declaration of special dividends where appropriate. The Group has become established as a benchmark dividend payer in the global gold industry and intends to maintain this position.

**Statement of Mineral Resources and Mineral Reserves** page 125

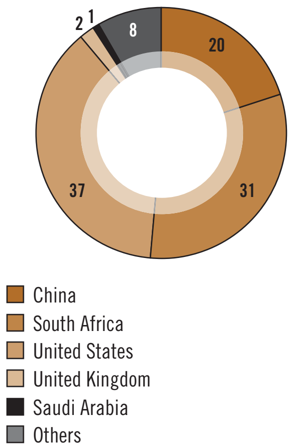
**Manufactured Capital and Intellectual Capital:** page 74

**Code of Ethics:** www.sibanyegold.co.za/the-group/governance/executive-committee

"Sibanye is **committed to a dividend policy of paying at least 25% to 35% of normalised earnings**"

# GROUP PROFILE
## CONTINUED

**Geographic shareholder spread at 31 December 2014 (%)**




Statement of Mineral Resources and Mineral Reserves page 125

Material Stewardship and Supply Chain Management Policy: www.sibanyegold.co.za/the-group/governance/executive-committee

### SHAREHOLDER BASE

Sibanye's corporate office is located close to Westonaria, in the province of Gauteng, near our West Wits operations. The Group's primary listing is on the JSE, trading under the share code SGL, where it is a constituent of the JSE's Socially Responsible Investment (SRI) index. The Group has a secondary listing of American Depositary Receipts on the New York Stock Exchange, which trade under the ticker code SBGL. Each American Depositary Receipt is equivalent to four ordinary shares.

At 31 December 2014, Sibanye had issued share capital of 898,840,196 shares (2013: 735,079,031) – 1,000,000,000 authorised – and market capitalisation of approximately R20.3 billion (2013: R9.0 billion) or US$1.8 billion (2013: US$874 million).

The Group's diverse shareholder base predominantly comprises institutional investors located in China (20%), South Africa (31%), the United States of America (37%), the United Kingdom (2%), Saudi Arabia (1%) and others (8%) at 31 December 2014. The Group's Chinese shareholders (20%) own their position through Gold One. Sibanye has a 100% free float and its three largest institutional shareholders (holding 23.25% of the Group) at 31 December 2014 were Allan Gray Proprietary Limited (Allan Gray) (9.98%), the Public Investment Corporation (SOC) Limited (PIC) (7.94%) and Old Mutual plc (Old Mutual) (5.33%).

Following the acquisition of the Cooke Operations, Gold One holds a 19.80% interest in Sibanye at 31 December 2014.

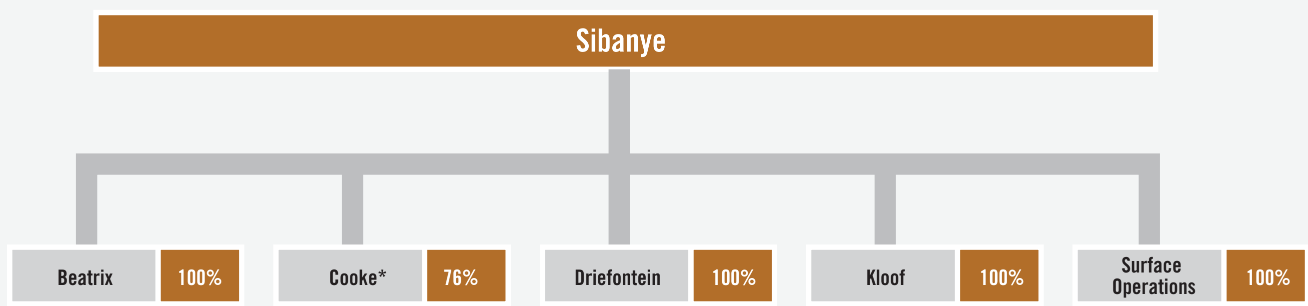
The Group is committed to transformation and is guided by the Mining Charter. In 2004, Gold Fields Limited (Gold Fields) undertook a black economic empowerment (BEE) transaction, transferring an amount equivalent to 15% of its equity from Sibanye, formerly GFI Mining South Africa Proprietary Limited (GFI Mining South Africa), to Mvelaphanda Gold Proprietary Limited (Mvelaphanda Gold). In 2010, 10% of equity was allocated to an Employee Share Ownership Plan (ESOP) and another 1% in an empowerment deal. At the end of 2014, 27,959 employees were participants in the ESOP.

### PRODUCTS AND MARKETS

Sibanye mines, extracts and processes gold ore to produce a beneficiated product, doré. The doré is then further refined at Rand Refinery Proprietary Limited (Rand Refinery) into gold bars with a purity of at least 99.5%, in accordance with the Good Delivery standards determined by the London Bullion Market Association (LBMA). The refined gold is then sold on international markets.

Sibanye holds a 33% interest in Rand Refinery, one of the largest global refiners of gold, and the largest in Africa. Rand Refinery markets gold to customers around the world.

### OWNERSHIP STRUCTURE




** Newshelf 1114 Proprietary Limited (Newshelf 1114) holds a 100% shareholding in Rand Uranium and Ezulwini, the activities of these companies include the Cooke Operations. On completion of the Newshelf 1114 BEE structure, Sibanye will have a 74% interest in Newshelf 1114. The negotiated Newshelf 1114 BEE structure will include an additional 2% to be issued to an Employees Trust Fund of which the financing mechanism is still being finalised.*

# 49,432kg (1.59Moz)

**"Gold production for the year ended 31 December 2014** was in line with guidance"

# EXTERNAL CONTEXT

### LEGISLATIVE, REGULATORY AND POLITICAL ENVIRONMENT

As a mining company with assets based in South Africa, each of our operations holds a right to mine and/or prospect in accordance with the Minerals and Petroleum Resources Development Act, 2002 (Act No 28 of 2002) and its associated Mining Charter. This legislation aims to promote equitable access to the nation's Mineral Resources, expand opportunities for historically disadvantaged South Africans (HDSAs) who would like to participate in the South African mining industry, advance social and economic development, and create an internationally competitive and efficient administrative and regulatory regime, based on universally accepted principles and consistent with common international practice that Mineral Resources are part of a nation's patrimony.

A review of the South African mining industry's level of compliance with the requirements of the Mining Charter was commissioned by the Department of Mineral Resources. It is being audited by the Department of Mineral Resources and the outcome is expected in April.

### RESPONSIBILITIES

The fiduciary and other duties and responsibilities of our Board of Directors are governed by the South African Companies Act and King III. The Companies Act prescribes the Group's activities in respect of social and economic development, including compliance with the Broad-Based Black Economic Empowerment (BBBEE) Act, 2003 (Act No 53 of 2003) and the Employment Equity Act, 1998 (Act No 55 of 1998), the Group's standing in terms of the International Labour Organisation (ILO) protocol on decent work and working conditions, employment relationships and the Group's contribution to the educational development of its employees.

In addition, the Group also subscribes to the 10 Principles of the International Council on Mining and Metals (ICMM).

In terms of the JSE Listing Requirements, Sibanye also adheres to the 10 principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption.

The Board's performance and interaction with stakeholders is guided by the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), which includes the Bill of Rights, tasking management with the development and implementation of corporate citizenship policies and programmes for relevant stakeholders.

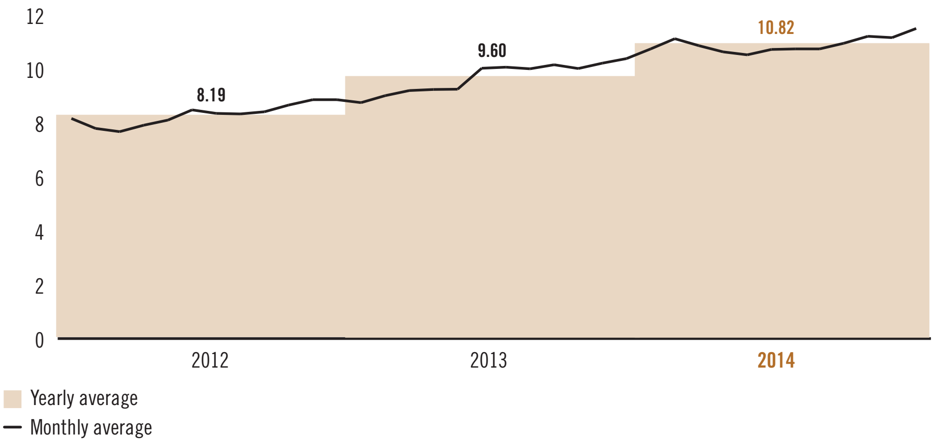
In terms of the National Development Plan 2030 of South Africa's National Planning Commission, which aims to eliminate poverty and reduce inequality by 2030, the mining sector will continue to play a major role in generating the resources needed to build the necessary capacity and capabilities. Government has committed to assisting the industry in doing this by providing policy and regulatory certainty, extracting reasonable taxes, investing in infrastructure to support the industry, enabling value-adding opportunities and employment, and supporting the industry while encouraging mines to reduce carbon emissions.

Sibanye's Board and management complies with the listings requirements of the JSE and the New York Stock Exchange.

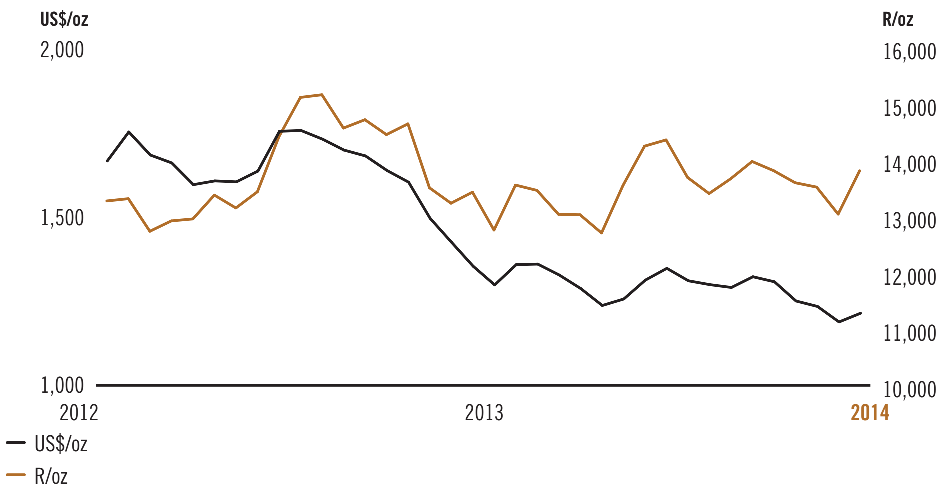
In compliance with our responsibilities under the Companies Act and the listings requirements of the JSE, our Board has a duty to ensure that all shareholders are treated equitably.

**Historically disadvantaged South African representation:** page 70

**Rand/dollar exchange rate December 2012 to December 2014 (R/US$)**



Gold price




## ECONOMIC CONDITIONS

As a general rule, gold produced is sold at prevailing market prices in the period it is produced.

Historically, the price of gold has been primarily affected by macro-economic factors, such as inflation, exchange rate volatility, reserves policy, and global political and economic events, and to a lesser extent by simple supply and demand dynamics. Sibanye's revenues and costs are highly sensitive to the Rand/US dollar exchange rate.

Gold and uranium sales are denominated in US dollars, with US dollars converted at a realised Rand/US dollar exchange rate, while operating costs are incurred principally in Rand. Depreciation of the Rand against the US dollar, therefore, results in higher Rand revenue or, alternatively, lower operating costs when they are translated into US dollars, thereby increasing the operating margins of our operations. Conversely, appreciation of the Rand results in lower Rand revenue or higher operating costs when translated into US dollars, thereby decreasing the operating margins of our operations. The impact on profitability of changes in the value of the Rand against the US dollar can be substantial.

## MARKET FORCES

In South Africa, there are currently 35 large-scale gold mines, mining mostly narrow-vein, deep underground deposits, which require manual extraction and are inherently labour-intensive. However, technologies have been developed that facilitate the mechanisation of new mines, which allow for mining of these deposits in a more economical manner.

The key gold producers in South Africa – Gold Fields; AngloGold Ashanti Limited (AngloGold Ashanti); Harmony Gold Mining Company Limited (Harmony) and Sibanye – produced 6,237kg (200,500oz); 38,000kg (1.2Moz); 36,453kg (1.17Moz) and 49,432kg (1.59Moz), respectively, in South Africa in 2014, and together accounted for approximately 86% of the country's total gold production for the year.

Sibanye is the largest individual producer of gold in South Africa, based on annual production of 49,432kg (1.59Moz) of gold in 2014, and the Group is the ninth largest producer of gold worldwide.

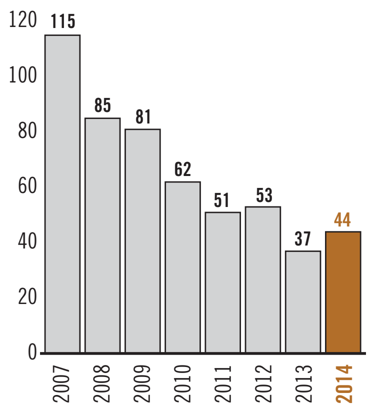
In order to maintain competitiveness in the South African labour market, regular industry market surveys are conducted to benchmark remuneration practices, and to keep abreast of any shifts in industry practices with regard to employee benefits, and non-financial employee reward and recognition programmes.

Strikes over remuneration and working conditions are a persistent feature of the mining industry in South Africa. Worker pay has been rising in the South African gold mining industry at a steady pace with average wage inflation consistently higher than the benchmark inflation rate. In June 2014, the South African government announced that it was investigating the introduction of a national minimum wage or "living wage" to address "income inequality". A report on the national minimum wage and its implications is due in July 2015. As a member of Business Unity South Africa (BUSA), the Chamber of Mines addressed Parliament's Portfolio Committee on Labour in September 2014. Business Unity South Africa has since entered into negotiations with the National Economic Development and Labour Council (Nedlac) on this matter.

Centralised negotiations on wages and conditions of employment are held between the Chamber of Mines, representing the majority of gold mine employers, and recognised trade unions, representing their members. The Chamber provides a venue for the negotiations, which are often referred to as the "Chamber negotiations".

# EXTERNAL CONTEXT
## CONTINUED

**Fatalities in the gold sector: 2007 to 2014**




*Source: Chamber of Mines*

The smaller gold mines negotiate on a decentralised basis.

### SOCIAL FORCES

The Minerals and Petroleum Resources Development Act requires the submission of, among others, a social and labour plan as a prerequisite for the granting of mining or production rights. The social and labour plan requires applicants to develop and implement comprehensive human resource development programmes, including employment equity plans, local economic development (LED) programmes, and processes pertinent to the management of downscaling and retrenchment.

Sibanye participates in the socio-economic development (SED) initiatives of our local municipalities, and supports projects aimed at uplifting people and infrastructure development, as well as projects identified and prioritised to address key areas such as poverty reduction, economic viability, healthcare, public safety, job creation, urban renewal and preferential procurement.

Our experience to date has shown that the approach to local economic development, in terms of the social and labour plans, has varying degrees of success. While the construction of schools and clinics has added the necessary value, other projects have not necessarily had the desired impact. A key component of the success achieved to date in the construction of schools and clinics is the upfront buy-in and support of all critical role players. The signing of a memorandum of agreement (MOA), which enunciates key responsibilities before construction begins, has proven invaluable. Projects initiated without proper collaboration have not been successful. These and other lessons have prompted Sibanye to consider an approach that includes:

- fewer but more impactful projects;
- focus on community development, education, agriculture/environment, health and sustainable human settlements;
- options ranging from corporate social investment (CSI) to infrastructure and enterprise development;
- all role players influencing the decision on how to best invest the money available for local economic development in terms of the Sibanye budgeting process;
- a tripartite engagement platform that assists in making appropriate decisions on local economic development projects with the Department of Mineral Resources and municipalities; and
- ongoing feedback on projects approved for implementation.

### HEALTH AND SAFETY

Health and safety performance on mines is regulated by the South African Mine Health and Safety Act, 1996 (Act No 29 of 1996) (MHSA). The Act requires employers and others to ensure that their operating and non-operating mines provide a safe and healthy working environment, it provides for penalties and a system of administrative fines for non-compliance, gives the Minister of Mineral Resources the right to restrict or stop work at any mine, and requires an employer to take steps to minimise health and safety risks. Further, it provides for employee participation through health and safety committees and representatives, gives employees the right to refuse dangerous work, and describes the powers and functions of the Mine Health and Safety Inspectorate, within the jurisdiction of the Department of Mineral Resources and as part of the process of enforcement.

As legally required, all employees are represented in formal joint management/worker health and safety committees, through their representatives, to help monitor and advise on occupational health and safety programmes.

In terms of the Mine Health and Safety Act, an employer is obligated, among others, to ensure that mines are designed, constructed and equipped to provide conditions for safe operation and a healthy working environment, and the mines are commissioned, operated, maintained and decommissioned so that employees can perform their work without endangering their health and safety or that of any other person. Every employer must ensure that people who are not employees, but who may be directly affected by the activities at a mine, are not exposed to any health and safety hazards.

The principal health risks associated with mining operations in South Africa arise from occupational exposure to silica dust, noise, heat and certain hazardous chemicals. The most significant occupational diseases affecting our workforce include lung diseases such as silicosis, tuberculosis (TB), a combination of both, and chronic obstructive airways disease (COAD) as well as noise induced hearing loss (NIHL).

The Occupational Diseases in Mines and Works Act, 1973 (Act No 78 of 1973) (ODMWA) governs compensation paid to mining employees who contract certain occupational illnesses, such as silicosis. The South African Constitutional Court has ruled that a claim for compensation under the Occupational Diseases in Mines and Works Act does not prevent an employee from seeking compensation from an employer in a civil action under common law (either as individuals or as a class).

### NATURAL ENVIRONMENT

Sibanye's operations are subject to various laws relating to the protection of the environment and South Africa's Constitution grants the country's people the right to an environment that is not harmful to human health or well-being, and to protection of that environment for the benefit of present and future generations through reasonable legislative and other measures. The Constitution and the National Environmental

Management Act, 1998 (Act No 107 of 1998) (NEMA), as well as various other related pieces of legislation enacted, grant legal standing to a wide range of interest groups to bring legal proceedings to enforce their environmental rights, which are enforceable against private entities as well as the South African government. South African environmental legislation commonly requires businesses whose operations may have an impact on the environment to obtain permits, authorisations and other approvals for those operations. The rationale behind this is to ensure that companies with activities that have environmental impacts, can put reasonable mitigation measures in place to manage these impacts. The applicable environmental legislation also imposes general compliance requirements and incorporates the "polluter pays" principle. Prior to 8 December 2014, under the terms of the Minerals and Petroleum Resources Development Act, all prospecting and mining operations had to be conducted according to an environmental management plan/programme (EMP), which had to be approved by competent officials of the Department of Mineral Resources. From 8 December 2014, the "One Environmental System" for the mining industry, which changed the previous environmental regulatory regime, came into force following the commencement of legislation creating the new regime on 2 September 2014. In terms of the One Environmental System, prescribed officials at the Department of Mineral Resources became competent to grant environmental authorisations under National Environmental Management Act for prospecting/mining operations. Since then, environmental authorisations have replaced the traditional environmental management plans/programmes. However, the Department of Environmental Affairs remains the appeal authority. Directors, in their personal capacity, may be held liable under provisions of National Environmental Management Act for any environmental degradation and/or the remediation thereof.

The Minerals and Petroleum Resources Development Amendment Bill, which was published on 27 December 2012 for public comment, contains further proposed amendments to allow for the smooth transition to the One Environmental System. A second version of this Bill was published in June 2013 and, although the parliamentary process is complete, the Bill which has yet to be published as an Amendment Act.

Another key change is the introduction of "perpetual liability", meaning that previous holders of rights remain responsible for environmental liability notwithstanding the issuance of a closure certificate in terms of the Minerals and Petroleum Resources Development Act. A mirror of this provision was brought into force under National Environmental Management Act on 2 September 2014. A further Amendment Act was published on 2 June 2014 and came into effect three months after its publication in the Government Gazette on 2 September 2014. However, this only came into effect on 8 December 2014 with the introduction of the One Environmental System. The 2014 Amendment Act amends National Environmental Management Act to allow for the integration of environmental management with mining activities. Among others, it designates the Minister of Mineral Resources as the competent authority for environmental matters insofar as these matters relate to prospecting, exploration, mining or the production of mineral and petroleum resources.

In terms of the 2014 Amendment Act, the Minister of Environmental Affairs may, under certain circumstances, make an environmental decision insofar as mining activities are concerned. It also allows for the Minister of Mineral Resources to appoint environmental mineral resource inspectors to monitor mining companies' compliance as well as the enforcement of provisions insofar as it relates to prospecting, exploration, mining or production. Importantly, Section 28 of the 2014 Amendment Act repealed section 14(2) of the 2008 National Environmental Management Act Amendment Act, deleting the provisions which provided for an 18-month transitional period after the commencement of the Minerals and Petroleum Resources Development Act Amendment Act with effect from 1 September 2014 (or presumably now with effect from 8 December 2014).

The National Environmental Management Waste Act, 2008 (Act No 59 of 2008) (Waste Act) commenced on 1 July 2009 with the exception of certain sections relating to contaminated land, which came into force on 2 May 2014. Responsible waste management has become a priority for the Department of Environmental Affairs. We have assessed, through a waste gap analysis, which requirements of the Waste Act are applicable to our operations and would proceed with the waste management licensing process on that basis. We have two waste disposal facilities at our Beatrix Operation and one at Driefontein (which is currently dormant and in respect of which we intend to apply for a closure certificate). We are now duty bound to rehabilitate this dormant site. We must ensure that it has the appropriate waste management licences and environmental authorisations for the closure and rehabilitation of all its waste sites.

Sibanye undertakes activities which are regulated by the National Nuclear Regulator Act, 1999 (Act No 47 of 1999) (the NNR Act). The National Nuclear Regulator Act requires Sibanye to obtain authorisation from the National Nuclear Regulator and undertake activities in accordance with the conditions of these organisations. During the reporting period, internal and external audits and inspections were conducted, and registered an average compliance index of 84%, which is higher than the benchmark of 80%. Each of Sibanye's mining operations possesses and maintains a Certificate of Registration (CoR) as required by the National Nuclear Regulator Act.

**Engagement with unions and wage agreements:** page 54

**Stakeholder engagement on human settlements:** page 93

# EXTERNAL CONTEXT
## CONTINUED

Amendments to environmental legislation: page 104

Integrated water use licences: page 107

Atmospheric emission licences: page 103

Proposed carbon tax: page 111

Interaction with the National Nuclear Regulator: page 11

Eskom agreement: page 111

Although South Africa has a comprehensive environmental regulatory framework, enforcement of environmental law has traditionally been poor. However, this situation is improving vastly, given the appointment of, and appropriate resourcing, environmental management inspectors in the Department of Environmental Affairs, Department of Water and Sanitation and now the Department of Mineral Resources. As of 8 December 2014, under the One Environmental System, separate environmental management inspectors will be appointed under the Department of Mineral Resources to regulate environmental compliance of the mining industry.

### POWER SUPPLY

Our mining operations depend on electrical power generated by the state utility, Eskom, which holds a monopoly on power supply in the South African market. Tariffs are determined by the National Energy Regulator of South Africa (NERSA). Ongoing disruptions in electrical power supply have an adverse impact on our operations and there is no assurance that conservation programmes will ensure sufficient electricity for us to run our operations at full capacity or at all. Eskom continues to warn us of constraints in the supply of power, which is frequently curtailed.

We are also subject to increases in costs relating to our energy-intensive assets and assets that emit significant amounts of greenhouse gases (GHGs) as a result of regulatory initiatives in South Africa. These regulatory initiatives are either voluntary or mandatory and either impact our operations directly or by affecting our suppliers or customers. These costs may include, among others, emission measurement and reduction, audit processes and human resource costs.

Energy is a significant input in our mining and processing operations with our principal energy sources being electricity, purchased petroleum products, natural gas and coal. With a substantial weight of scientific evidence concluding that carbon emissions from fossil fuel-based energy consumption contribute to global warming, greenhouse effects and climate change, a number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change that may restrict emissions of greenhouse gases. In particular, the "Durban platform" – established during the United Nations Framework Convention on Climate Change (UNFCCC) in Durban, South Africa, in 2011 – commits all parties to the conference to developing a global mitigation regime with the specific terms of that legally binding accord, including individual targets, to be finalised by 2015.

In addition, a carbon tax that would endeavour to change behavioural and consumptive patterns with regard to the use of carbon-intensive energy sources is currently being mooted by government. No legislative instruments in this regard have been promulgated, however significant work has been done by all stakeholders, including National Treasury in so far as the carbon tax regime and its implementation is concerned.

**"The external context within which we operate includes the prevailing legal, political, commercial, technological, social and natural environment,** which influences our ability to create value in the short, medium and long term"

# Cooke 4

# BUSINESS OVERVIEW

## HOW WE LEVERAGE RESOURCES TO ADDRESS MATERIAL ISSUES

### SECURING TODAY'S BUSINESS

- Gold produced
  49,432kg (1.59Moz)
- Procurement
  R12 billion
- Average gold price
  R440,615/kg (US$1,267/oz)
- Number of employees
  44,411
- Water used
  116,850.67Ml
- Energy consumed
  199,969,735TJ
- Rock mined
  7.7Mt
- Rock milled
  18.24Mt

### SUSTAINING THE BUSINESS FOR TOMORROW

- Capital expenditure
  R3.3 billion
- Training and development turnover
  R353 million
- Gold Mineral Resources
  103.9Moz
- Gold Mineral Reserves
  28.4Moz
- Uranium Mineral Resources
  227Mlb
- Uranium Mineral Reserves
  102.5Mlb

## OPERATING MODEL

REDUCE COSTS AND PAYMENTS

INCREASE FLEXIBILITY

INCREASE MARGINS

## ACTIVITIES

### EXPLORATION AND NEW BUSINESS

Prospective targets are identified and exploration or due diligence is undertaken. Worthwhile opportunities undergo intensive evaluation.

### UNDERGROUND MINING

Vertical shafts are in place to transport people and equipment to and from orebodies (more than 1,000m below surface) and to bring the ore mined to surface. Gold-bearing ore is drilled, blasted and the ore is brought to surface.

### TREATMENT AND PROCESSING

Once mined, gold ore is processed into doré (unrefined gold bars) at the operations and dispatched to Rand Refinery for further beneficiation.

## WHAT MAKES SIBANYE DIFFERENT

LARGE HIGH-GRADE RESOURCES

LOW CAPITAL MATURE OPERATIONS

BENCHMARK DIVIDEND YIELD

## SECURING THE BUSINESS FOR TOMORROW

- Technology and innovation
- Socio-economic development
- Securing sufficient water and energy
- Manage costs and capital

**TIMBER USED**
104.5Mt
**CEMENT USED**
145t
**BLASTING AGENTS**
4,175t

**ROCK MINED**
7.7Mt

**TOTAL ORE (SURFACE AND UNDERGROUND) MILLED**
18.2Mt

**MATERIAL REMOVED TO ROCK DUMPS**
0.6Mt

**TAILINGS PRODUCED AND REMOVED TO TAILINGS STORAGE FACILITIES**
15.7Mt

**ELECTROWINNING SLUDGE**
66,845t

**SLAG REMOVED**
63.7t

**SURFACE MATERIAL RECYCLED**
10.9Mt

**CYANIDE USED**
11,758t
**CAUSTIC SODA USED**
2,947t
**HYDROCHLORIC ACID USED**
3,579t

**DORÉ PRODUCED**
56,8t

**GOLD PRODUCED**
49,432kg (1.59Moz)

### OPTIMISE ALL CAPITAL, INCLUDING BALANCE SHEET

### STRONG CASH FLOWS

### ROBUST DIVIDENDS

### REFINING

At Rand Refinery, the gold doré is refined and sold to bullion banks in South Africa and internationally, or to jewellery-fabrication industries. Gold is a significant component in a number of medical applications and lends itself to recycling.

### RE-TREATMENT

The surface operations re-treat tailings, a product of processing, for residual gold and uranium. This re-mining serves as a form of rehabilitation as the tailings storage facilities are removed permanently.

### REHABILITATION AND CLOSURE

Rehabilitation of the land disturbed by mining is an integral aspect of a mine plan from the beginning and throughout the life of an operation. Closure plans take the livelihoods of communities into account.

## VALUE-ACCRETIVE PROJECTS AND ACQUISITIONS

- Financial Capital
- Natural Capital
- Manufactured Capital and Intellectual Capital
- Human Capital
- Social and Relationship Capital

# KEY FEATURES – FINANCIAL AND NON-FINANCIAL PERFORMANCE

## FOR THE YEAR ENDED 31 DECEMBER 2014

| | | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| **Group operating statistics** | | | | | |
| Gold produced | kg | **49,432** | 44,474 | 38,059 | 45,005 |
| | '000oz | **1,589** | 1,430 | 1,224 | 1,447 |
| Ore milled | 000t | **18,235** | 13,624 | 12,185 | 14,648 |
| Gold price | R/kg | **440,615** | 434,663 | 434,943 | 369,139 |
| | US$/oz | **1,267** | 1,408 | 1,652 | 1,590 |
| Operating cost | R/t | **785** | 879 | 888 | 673 |
| Operating profit | Rm | **7,469** | 7,358 | 5,730 | 6,752 |
| Operating margin | % | **34** | 38 | 35 | 41 |
| Total cash cost[1] | R/kg | **295,246** | 273,281 | 285,851 | 220,224 |
| | US$/oz | **849** | 885 | 1,086 | 949 |
| All-in sustaining cost[2] | R/kg | **372,492** | 354,376 | 382,687 | 296,531 |
| | US$/oz | **1,071** | 1,148 | 1,453 | 1,277 |
| All-in cost[2] | R/kg | **375,854** | 354,376 | 382,687 | 296,531 |
| | US$/oz | **1,080** | 1,148 | 1,453 | 1,277 |
| All-in cost margin[3] | % | **15** | 18 | 12 | 20 |
| **Group sustainability statistics** | | | | | |
| Taxation and royalties paid | Rm | **1,997** | 554 | 1,394 | 486 |
| Employee wages and benefits | Rm | **6,665** | 6,156 | 5,791 | 5,591 |
| Total employees | Number | **44,411** | 36,274 | 42,084 | 38,033 |
| Fatalities* | Number | **12** | 9 | 16 | 18 |
| LTIFR[4] | | **5.87** | 6.13 | 6.90 | 5.79 |
| Cyanide consumption | t | **11,758** | 3,759 | 3,395 | 3,224 |
| $tCO_2e$ emissions (Scope 1 and 2)[5] | t | **5,174,688** | 4,407,671 | 4,769,283 | 4,550,698 |
| Electricity consumption | MWh | **4,274,290** | 3,773,919 | 3,835,194 | 4,070,499 |
| Water withdrawal | Ml | **116,851** | 76,637 | 64,788 | 49,197 |
| Socio-economic development spend | Rm | **1,054** | 1,050 | 853 | 670 |
| **Group financial statistics[6]** | | | | | |
| **Income statement** | | | | | |
| Revenue | Rm | **21,781** | 19,331 | 16,554 | 16,613 |
| Net operating profit | Rm | **4,214** | 4,254 | 3,367 | 4,559 |
| Profit for the year | Rm | **1,507** | 1,698 | 2,980 | 2,563 |
| Profit for the year attributable to owners of Sibanye | Rm | **1,552** | 1,692 | 2,980 | 2,564 |
| Basic earnings per share | cents | **186** | 260 | 297,960,000 | 256,410,000 |
| Diluted earnings per share | cents | **182** | 255 | 297,960,000 | 256,410,000 |
| Headline earnings per share | cents | **170** | 355 | 297,790,000 | 256,130,000 |
| Dividend per share | cents | **125** | 37 | 73,130,000 | 242,330,000 |
| Weighted average number of shares | '000 | **835,936** | 650,621 | 1 | 1 |
| Diluted weighted average number of shares | '000 | **854,727** | 664,288 | 1 | 1 |
| Number of shares in issue at end of period | '000 | **898,840** | 735,079 | 1 | 1 |
| **Statement of financial position** | | | | | |
| Property, plant and equipment | Rm | **22,704** | 15,151 | 16,376 | 15,359 |
| Cash and cash equivalents | Rm | **563** | 1,492 | 292 | 363 |
| Total assets | Rm | **27,922** | 19,995 | 19,698 | 18,492 |
| Net assets/(liabilities) | Rm | **14,986** | 9,423 | (9,673) | (11,976) |
| Stated share capital | Rm | **21,735** | 17,246 | – | – |
| Borrowings[7] | Rm | **3,170** | 1,991 | 4,220 | – |
| Total liabilities | Rm | **12,936** | 10,572 | 29,371 | 30,468 |
| **Statement of cash flows** | | | | | |
| Cash from operating activities | Rm | **4,053** | 6,360 | 2,621 | 3,861 |
| Cash used in investing activities | Rm | **(4,309)** | (3,072) | (3,126) | (3,005) |
| Cash (used in)/flows from financing activities | Rm | **(673)** | (2,088) | 434 | (1,529) |
| Net increase/(decrease) in cash and cash equivalents | Rm | **(930)** | 1,201 | (71) | (673) |

| | | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| **Other financial data** | | | | | |
| EBITDA[8] | Rm | **7,469** | 7,358 | 5,730 | 6,752 |
| Net debt (cash)[9] | Rm | **1,506** | 499 | 3,928 | (363) |
| Net debt to EBITDA[10] | ratio | **0.20** | 0.07 | 0.69 | (0.05) |
| Net asset value per share | R | **16.67** | 12.80 | (9,672,700.00) | (11,975,600.00) |
| Average exchange rate[11] | R/US$ | **10.82** | 9.60 | 8.19 | 7.22 |
| Closing exchange rate[12] | R/US$ | **11.56** | 10.34 | 8.57 | 8.13 |
| **Share data** | | | | | |
| Ordinary share price – high | R | **29.52** | 16.30 | n/a[13] | n/a[13] |
| Ordinary share price – low | R | **12.34** | 6.73 | n/a[13] | n/a[13] |
| Ordinary share price at year end | R | **22.55** | 12.30 | n/a[13] | n/a[13] |
| Average daily volume of shares traded | | **2,868,842** | 4,754,958 | n/a[13] | n/a[13] |
| Market capitalisation at year end | Rbn | **20.3** | 9.04 | n/a[13] | n/a[13] |

*Note*

[1] *Sibanye presents the financial measures "total cash cost", "total cash cost per kilogram" and "total cash cost per ounce" which have been determined using industry standards promulgated by the Gold Institute and are not IFRS measures. The Gold Institute was a non-profit international industry association of miners, refiners, bullion suppliers and manufacturers of gold products that ceased operation in 2002, which developed a uniform format for reporting production costs on a per ounce basis. The Gold Institute has now been incorporated into the National Mining Association. The guidance was first adopted in 1996 and revised in November 1999. An investor should not consider these items in isolation or as alternatives to cost of sales, net operating profit, profit before taxation, profit for the year, cash from operating activities or any other measure of financial performance presented in accordance with IFRS. While the Gold Institute provided definitions for the calculation of total cash costs, the calculation of total cash cost per kilogram and the calculation of total cash cost per ounce, these may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. Total cash costs is defined as cost of sales cost as recorded in the income statement, less amortisation and depreciation and off-site (ie central) general and administrative expenses (including head office costs) plus royalties and production taxes. Total cash cost per kilogram is defined as the average cost of producing a kilogram of gold, calculated by dividing the total cash costs in a period by the total gold sold over the same period. Management considers total cash cost and total cash cost per kilogram to be a measure of the on-going costs of production. For a reconciliation of operating costs to total cash cost, see page 166.*

[2] *Sibanye presents the financial measures "All-in sustaining cost", "All-in cost", "All-in sustaining cost per kilogram", "All-in sustaining cost per ounce", "All-in cost per kilogram" and "All-in cost per ounce", which were introduced during the year ended 31 December 2013 by the World Gold Council (the "Council"). Despite not being a current member of the Council, Sibanye adopted the principles prescribed by the Council. The Council is a non-profit association of the world's leading gold mining companies established in 1987 to promote the use of gold from industry, consumers and investors and is not a regulatory organisation. The Council has worked with its member companies to develop a metric that expands on IFRS measures such as cost of goods sold and currently accepted non-IFRS measures to provide relevant information to investors, governments, local communities and other stakeholders in understanding the economics of gold mining operations related to expenditures, operating performance and the ability to generate cash flow from operations. This is especially true with reference to capital expenditure associated with developing and maintaining gold mines, which has increased significantly in recent years and is reflected in this new metric.*

*All-in sustaining cost, All-in cost, All-in sustaining cost per kilogram, All-in sustaining cost per ounce, All-in cost per kilogram and All-in cost per ounce metrics are intended to provide additional information only, do not have any standardised meaning prescribed by IFRS and should not be considered in isolation or as alternatives to cost of sales, profit before taxation, profit for the year, cash from operating activities or any other measure of financial performance presented in accordance with IFRS. All-in sustaining cost, All-in cost, All-in sustaining cost per kilogram, All-in sustaining cost per ounce, All-in cost per kilogram and All-in cost per ounce as presented in this document may not be comparable to other similarly titled measures of performance of other companies. Other companies may calculate these measures differently as a result of differences in the underlying accounting principles, policies applied and accounting frameworks such as in U.S. GAAP. Differences may also arise related to definitional differences of sustaining versus development capital activities based upon each company's internal policies.*

*Total All-in cost excludes income tax, costs associated with merger and acquisition activities, working capital, impairments, financing costs, one-time severance charges and items needed to normalise earnings.*

*All-in cost is made up of All-in sustaining cost, being the cost to sustain current operations, given as a sub-total in the All-in cost calculation, together with corporate and major capital expenditure growth.*

*For a reconciliation of operating costs to All-in cost, see 167.*

[3] *All-in cost margin is defined as revenue minus All-in cost divided by revenue.*

[4] *Rate per million man hours worked.*

[5] *The Scope 1 and 2 emissions include fugitive mine methane. The Scope 3 emissions for 2014 total 863,009 $tCO_2e$ and fugitive mine methane emissions for 2014 total 660,256 $tCO_2e$. We have chosen to report our Scope 1 and Scope 2 emissions separately from our Scope 3 emissions as Scope 1 and Scope 2 emissions are under our direct control while Scope 3 emissions represent the effect of our business activities across the supply chain. Although it is not a mandatory Intergovernmental Panel on Climate Change reporting category, we are also reporting our fugitive mine methane emissions in the Free State province of South Africa in line with the transparency principle of the ISO GHG quantification standard.*

[6] *The selected historical consolidated financial data set out above have been derived from Sibanye's audited consolidated financial statements for those periods and as of those dates and the related notes which have been prepared in accordance with IFRS. The other operating data presented has been calculated as described in the footnotes to the table.*

[7] *Borrowings that have recourse to Sibanye is R2,036 million which excludes the Burnstone Debt. Borrowings also exclude related-party loans.*

[8] *EBITDA is defined as net operating profit before depreciation and amortisation. EBITDA may not be comparable to similarly titled measures of other companies. Management believes that EBITDA is used by investors and analysts to evaluate companies in the mining industry. EBITDA is not a measure of performance under IFRS and should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS.*

[9] *Net debt represents borrowings and bank overdraft less cash and cash equivalents. Borrowings are only those borrowings that have recourse to Sibanye and therefore exclude the Burnstone Debt. Borrowings also exclude related-party loans. Net debt excludes Burnstone cash and cash equivalents.*

[10] *Net debt to EBITDA ratio is defined as net debt as at the end of a reporting period divided by EBITDA of the last 12 months ending on the same reporting date.*

[11] *The daily average of the closing rate during the relevant period as reported by I-Net Bridge.*

[12] *Sourced from I-Net Bridge, being the closing rate at period end.*

[13] *Sibanye, previously a wholly owned subsidiary of Gold Fields. The Company separated from Gold Fields in February 2013 to become an independent and publicly traded company.*

*2013 statistics exclude Cooke Operations.*

*Certain non-financial data was audited for the period 1 January 2014 to 31 December 2014, and included Cooke, Kloof, Driefontein and Beatrix Operations. Financial data reflects data from 15 May 2014 to 31 December 2014 for Cooke.*

** The 12 fatalities reported excluded one fatality that occurred at Cooke before Sibanye took over management responsibility for this operation since 1 March 2014.*

# Strategic leadership

## CONTENTS

### PERSPECTIVE FROM THE CHAIR

# 20



# PERSPECTIVE FROM THE CHAIR

Sello Moloko

It gives me great pleasure to endorse this integrated annual report for all our stakeholders. It seeks to illustrate the various components of our business, executive management's significant efforts in delivering on its strategy as well as its extensive stakeholder interventions. These efforts have been duly rewarded in Sibanye's top performance on the JSE. I am proud to report that in less than two years, Sibanye has taken its place among the country's gold champions and as one of the world's top producers of the precious metal.

Management has also managed the balance sheet well, maintaining a net debt to EBITDA ratio of 0.20 times, which is low compared to its peers. This was despite acquisitions made during the year and the extension of financing to Rand Refinery. Operationally, a creditworthy performance was recorded, with excellent production numbers, especially in the last quarter of the year, targeting best-ever output in 2015.

Given the Group's genesis, some radical changes were required in the first year of operation. This was followed in 2014 by a period of consolidation: entrenching our new operating model, and integrating the newly acquired Cooke and Wits Gold assets.

These acquisitions are consistent with our strategy of creating value by extending the operating lives of Group assets, and support the dividend strategy, by leveraging our regional presence and existing infrastructure. We assumed control of the Cooke underground and surface operations from Gold One; concluded the acquisition of Wits Gold, a JSE and Toronto Stock Exchange-listed gold and uranium exploration company with significant gold resources in South Africa; and exercised the option held by Wits Gold to acquire the Burnstone gold mine from its previous owner, Great Basin Gold.

Management has also signalled that it is not limited to seeking value in the gold sector alone but will consider diversification into other sectors if this can be proven to be value-accretive and supports the dividend strategy. An example is the well-publicised interest shown in the platinum sector in early 2014. Sibanye has identified an opportunity to leverage its deep-level, hard rock mining capabilities, and proven operating structures and strategy, to the platinum mines, which share many operational similarities. The platinum industry was also in a distressed position with looming wage negotiations and significantly indebted balance sheets. Sibanye will continue to assess opportunities in this area but has thus far not identified opportunities presenting suitable value.

Gold is still our core business with our high-quality, cash-generative mines key to our future success and we continue to explore value-accretive opportunities in the sector. A previously underdeveloped opportunity also exists in the uranium market. A number of our operations and projects produce uranium as a by-product of the production of gold. We are already producing uranium at our Cooke Operation and, by year end, had accumulated a stockpile of around 180,000lb of uranium oxide. Uranium production is forecast to be approximately 250,000lb in 2015 as we build up our production capacity. However, instead of selling into the spot market, we are looking for higher prices – most likely by entering into long-term uranium supply contracts at an appropriate time. Despite a recovery in late 2014, we believe the uranium price is below long-term averages at the moment because of solid supply and demand fundamentals. That said, we believe the price will increase in the medium to long term.

What encourages me as Chairman is the innovative thinking at Sibanye, which has also manifested in the area of safety. Management is conscious about the use of technology to improve working conditions and provide a safer working environment, as well as the potential productivity benefits that may arise. It is really all about responsibly maximising production while promoting a safe and healthy operating environment and habits, or culture, and upskilling our employees at the same time.

At the end of 2013, we launched our CARE values – Commitment, Accountability, Respect and Enabling. CARE is more than a strategy, though. It is Sibanye's culture and mirrors our values. CARE is part of everything we do.

The coming year is going to be challenging on several fronts. First of all, we will be engaging in wage negotiations during the year. We will strive to reach agreement with organised labour on terms deemed agreeable to both the workers and the mining industry while striving to keep people in jobs. Our country cannot afford to lose jobs in the way that we have in the past 20 years. Besides introducing productivity-linked increases, stakeholders need to consider planning beyond the traditional two-year wage cycles – this is a long-term industry with long-term implications.

Besides wages, the industry is facing greater uncertainty about the regulatory framework in 2015 with further delays in the amendments to the Minerals and Petroleum Resources Development Act. Mineral Resources Minister Ngoako Ramatlhodi has indicated that the Bill is likely to emerge as two separate pieces of legislation. He has also indicated that he is hoping that the issue will be settled by mid-year. We have made significant efforts to comply with the requirements of the Minerals and Petroleum Resources Development Act and we are comfortable with our position.

Probably the biggest single factor of concern to us at the moment is the energy situation in South Africa and its impact, particularly on deep underground mines. As we stated in 2013, we are seeking alternatives to long-term reliance on Eskom, and we hope to identify some viable and cost-effective options in the coming year.

In a challenging operating environment, the quality of the team supporting the business is crucial. We are fortunate to have the support of an exemplary Board and management, who deliver stellar results – even in a challenging industry where asset write-downs have become the global norm. I would like to congratulate Neal and his team for taking what people perceived to be defunct assets and turning them into the success Sibanye is today.

Sibanye is proof that innovative thinking, an adjusted operational focus, improved financial management and the right investment in the right places is a winning formula.

Importantly, we remain committed to South Africa. Our goal is to be the No 1 South African gold miner and the No 1 South African mining company. To this end, we are putting our money where our mouths are, and investing in sustaining our business for longer and for the benefit all of our stakeholders. We are also heavily invested in sustaining the country's reputation as the No 1 mining destination. We firmly believe in the opportunities presented by our beautiful country, and we have confidence that we can make a real difference in South Africa.

Sibanye: We are one!

**Sello Moloko**
**Chairman**
23 March 2015

# BOARD


### 1 SELLO MOLOKO (49)
**CHAIRMAN**
**NON-EXECUTIVE DIRECTOR**
**BSc (Hons) and Postgraduate Certificate in Education, University of Leicester**
**Advanced Management Programme, University of Pennsylvania Wharton School**

Sello Moloko was appointed non-executive Chairman of the Board on 1 January 2013. Prior to this, he served as a director of Gold Fields from 25 February 2011 to 31 December 2012. Sello is the Executive Chairman and founder of the Thesele Group Proprietary Limited and Chairman of Alexander Forbes Group Holdings Limited. He has an extensive career in financial services, including periods at Brait South Africa Limited as well as Chief Executive Officer (CEO): Asset Management of Old Mutual Life Assurance Company (South Africa) Limited until 2004. Sello's other directorships include Sycom Property Fund Managers Limited and Acucap Properties Limited. He is a trustee of the Nelson Mandela Foundation.

### 2 NEAL FRONEMAN (55)
**CHIEF EXECUTIVE OFFICER,**
**EXECUTIVE DIRECTOR AND**
**CHAIRMAN OF THE EXECUTIVE COMMITTEE**
**BSc Mech Eng (Ind Opt), University of the Witwatersrand**
**BCompt, University of South Africa**
**PrEng**

Neal Froneman was appointed an executive director and CEO of Sibanye on 1 January 2013. He has over 30 years of relevant operational, corporate development and mining industry experience. He was appointed CEO of Aflease Gold Limited (Aflease Gold) in April 2003. Aflease Gold, through a series of reverse take-overs, became Gold One in May 2009. Neal was primarily responsible for the creation of Uranium One Incorporated (Uranium One) from the Aflease Gold uranium assets. During this period, he was CEO of Aflease Gold and Uranium One until his resignation from Uranium One in February 2008. Prior to joining Aflease Gold, Neal held executive and senior management positions at Gold Fields of South Africa Limited, Harmony Gold and JCI Limited. He is also a non-executive director of Delview Three Proprietary Limited, Hi-Zone Traders 116 Proprietary Limited, 17 Perissa Proprietary Limited and Forestry Services Proprietary Limited.

### 3 CHARL KEYTER (41)
**CHIEF FINANCIAL OFFICER**
**EXECUTIVE DIRECTOR**
**BCom, University of Johannesburg**
**MBA, North-West University**
**ACMA and CGMA**

Charl Keyter was appointed a director of Sibanye on 9 November 2012, and executive director and Chief Financial Officer (CFO) on 1 January 2013. Previously, he was Vice President and Group Head of International Finance at Gold Fields. Charl has more than 20 years' mining experience, having begun his career at Gold Fields in February 1995. He is also a non-executive director of Oil Recovery and Maintenance Services Proprietary Limited.


### 4 CHRISTOPHER CHADWICK (46)

**NON-EXECUTIVE DIRECTOR**

**BCompt (Hons) (CTA), University of South Africa**
**CA(SA)**

Christopher Chadwick was appointed as a non-executive director on 16 May 2014. He is a chartered accountant who passed the South African Institute of Chartered Accountants Board exam in 1991 when he also completed his articles at Deloitte Touche Tohmatsu Limited. The earlier part of his career was spent with Comair Limited, the largest privately owned airline in South Africa, where he assisted in growing the company tenfold over a period of four years. After financial executive roles in the advertising, fast-moving consumer goods and services industries, Christopher moved into the information technology industry to assume financial and strategic directorships for five years.
He spent another four years at an investment holding group where he was involved in corporate development and finance across many different sectors. Christopher joined Gold One in July 2008 as a Board director and is currently the CEO of Gold One. He was directly involved in the creation of Gold One through the reverse take-over of Australian-listed BMA Gold Limited.

### 5 ROBERT CHAN (68)

**NON-EXECUTIVE DIRECTOR**

**BSc (Economics) (Hons), University of London**
**MBA, University of Liverpool**

Robert Chan was appointed as a non-executive director on 16 May 2014. He is an experienced banker with over 39 years' experience in commercial and investment banking, having worked in London, Malaysia and Singapore. He retired from the United Overseas Bank Limited (United Overseas Bank) on 31 December 2011 after 35 years of service (25 years as CEO of United Overseas Bank, Hong Kong). Robert has served as an independent non-executive director of Noble Group Limited since 1996. He is an independent non-executive director of Hutchison Port Holdings Trustees Pte Limited, Trustee Manager of Hutchison Port Holdings Trust, a business trust listed in Singapore, as well as Quam Limited, which is listed in Hong Kong. He is currently non-executive Chairman of The Hour Glass (HK) Limited. He is also a Fellow of the Hong Kong Institute of Directors.

### 6 TIMOTHY CUMMING (57)

**NON-EXECUTIVE DIRECTOR**

**BSc (Hons) (Engineering), University of Cape Town**
**BA (PPE), MA (Oxon)**

Timothy Cumming was appointed as a non-executive director on 21 February 2013. He is the founder and a partner of Scatterlinks Proprietary Limited, a South African-based company mentoring and coaching senior business executives, and providing strategic advisory services to financial services businesses. He was previously involved with the Old Mutual group in various capacities: CEO of Old Mutual Investment Group (South Africa) Proprietary Limited, Executive Vice President: Director of Global Business Development of Old Mutual Asset Management for Old Mutual (US) Holdings Inc, Managing Director: Head of Corporate Segment at Old Mutual (South Africa), Strategy Director of Old Mutual Emerging Markets and Interim CEO of Old Mutual Investment Group (South Africa). He was also executive director and Head of Investment Research (Africa) for HSBC Holdings plc, Chairman of Amama South Africa Rural Social Enterprise NPC, sole director of Chris Leal Property Investments Proprietary Limited and independent non-executive director of Nedgroup Investments Limited. Timothy started his career as a management trainee at the Anglo American Corporation of South Africa Limited (Anglo American). He worked on a number of diamond mines and was Resident Engineer at Anglo American's gold mines in Welkom, South Africa.

# BOARD
CONTINUED


## 7 BARRY DAVISON (69)
**NON-EXECUTIVE DIRECTOR**

**BA (Law and Economics), University of the Witwatersrand**
**Graduate Commerce Diploma, Birmingham University**
**CIS Diploma in Advanced Financial Management and Advanced Executive Programme, University of South Africa**

Barry Davison was appointed as a non-executive director on 21 February 2013. He has more than 40 years' experience in the mining industry and served as Executive Chairman of Anglo American Platinum Limited (Amplats), Chairman of Anglo American's Platinum Division, and Ferrous Metals and Industries Division, and was an executive director of Anglo American. He has been a director of a number of listed companies, including Nedbank Group Limited, Kumba Resources Limited, Samancor Limited and the Tongaat-Hulett Group Limited.

## 8 RICHARD MENELL (59)
**NON-EXECUTIVE DIRECTOR**

**MA (Natural Sciences, Geology), Trinity College, University of Cambridge**
**MSc (Mineral Exploration and Management), Stanford University**

Richard (Rick) Menell was appointed as a non-executive director on 1 January 2013. He has over 30 years' experience in the mining industry and has been a director of Gold Fields since 8 October 2008. Previously, he occupied the positions of President and Member of the Chamber of Mines of South Africa (Chamber of Mines), President and CEO of TEAL Exploration & Mining Inc, Chairman of Anglovaal Mining Limited (Anglovaal) and Avgold Limited (Avgold), Chairman of Bateman Engineering Proprietary Limited (South Africa), Deputy Chairman of Harmony and African Rainbow Minerals (ARM) Limited. He has also been a director of Telkom Group Limited, Standard Bank of South Africa Limited, and Mutual and Federal Insurance Company Limited. He is currently a non-executive director and Chairman of Credit Suisse Securities Johannesburg Proprietary Limited, non-executive director of Gold Fields, The Weir Group plc, Rockwell Diamonds Inc. Rick is a trustee of Brand South Africa and the Carrick Foundation. He is co-Chairman of the City Year South Africa Citizen Service Organisation, and Chairman and trustee of the Palaeontological Scientific Trust.

## 9 NKOSEMNTU NIKA (57)
**NON-EXECUTIVE DIRECTOR**

**BCom, University of Fort Hare**
**BCompt (Hons), University of South Africa**
**Advanced Management Programme, INSEAD**
**CA(SA)**

Nkosemntu Nika was appointed as a non-executive director on 21 February 2013. He is currently an independent non-executive director of Scaw South Africa Proprietary Limited and Chairman of the Audit and Risk Committee of Foskor Proprietary Limited. He was previously CFO and Finance Director of PetroSA (SOC) Limited (PetroSA) and Executive Manager: Finance at the Development Bank of Southern Africa. He has held various internal auditing positions at Eskom Holdings (SOC) Limited, Shell Company of South Africa Limited (Shell) and Anglo American. He was also a non-executive Board member of the Industrial Development Corporation of South Africa Limited and chaired its Audit and Risk Committee and Governance and Ethics Committee.


### 10 KEITH RAYNER (58)

**NON-EXECUTIVE DIRECTOR**

**BCom, Rhodes University**
**CTA**
**CA(SA)**

Keith Rayner was appointed as a non-executive director on 1 January 2013. Keith is a South African chartered accountant with experience in corporate finance. He is CEO of KAR Presentations, an advisory and presentation corporation, which specialises in corporate finance and regulatory advice and presentations. Advice and presentations include, *inter alia*, the JSE Listings Requirements, Financial Markets Act, Companies Act, governance, takeover law, corporate action strategy, valuation theory and practice, IFRS and various directors' courses. He is an independent non-executive director of Goliath Gold Limited (Goliath Gold), Sabie Gold Proprietary Limited, John Daniel Holdings Limited and Appropriate Process Technologies Proprietary Limited. He is a member of the JSE Limited's Issuer Regulation Advisory Committee, is a fellow of the Institute of Directors in South Africa (IOD), is a non-broking member of the Institute of Stockbrokers in South Africa and is a member of the Investment Analysts Society. He is a past member of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves/ South African Mineral Asset Valuation working group, the Takeover Regulation Panel's rewrite committee, the IOD's CRISA committee and the South African Institute of Chartered Accountants Accounting Practices Committee.

### 11 ZOLA SKWEYIYA (73)

**NON-EXECUTIVE DIRECTOR**

**LLD, University of Leipzig**

Zola Skweyiya was appointed as a non-executive director on 1 October 2013. He was Minister of Public Service and Administration from 1994 to 1999 and Minister of Social Development from 1999 to 2008. He was a founding member of the Centre for Development Studies at the University of the Western Cape. Zola also served on the board of trustees of the National Commission for the Rights of Children. He was previously Chairman of the United Nations Commission for Social Development, and Founder and Chairman of the Constitution Committee African National Congress (ANC). In August 2013, he returned to South Africa after serving as the South African High Commissioner to the United Kingdom. He is also a director of Umsimbithi Holdings Proprietary Limited.

### 12 SUSAN VAN DER MERWE (60)

**NON-EXECUTIVE DIRECTOR**

**BA, University of Cape Town**

Susan van der Merwe was appointed as a non-executive director on 21 February 2013. She served as a member of Parliament for 18 years until October 2013, and held various positions, including Deputy Minister of Foreign Affairs from 2004 to 2010. She is currently a member of the National Executive Committee of the ANC. She has participated in various civil society organisations and currently serves as a trustee and Chair of the Kay Mason Foundation, which is a non-profit organisation assisting disadvantaged scholars in Cape Town. Susan was appointed to the National Council of the South African Institute of International Affairs in 2014.

### 13 JERRY VILAKAZI (54)

**NON-EXECUTIVE DIRECTOR**

**BA, University of South Africa**
**MA, Thames Valley University**
**MA, University of London**
**MBA, California Coast University**

Jerry Vilakazi was appointed as a non-executive director on 1 January 2013. He is Chairman of Palama Investment Holdings Proprietary Limited, which he co-founded to facilitate investments in strategic sectors. He is a past CEO of Business Unity South Africa. Prior to this, he was Managing Director of the Black Management Forum. In 2009, Jerry was appointed to the Presidential Broad-Based Black Economic Empowerment Advisory Council and he was appointed as a Commissioner of the National Planning Commission in 2010. He was appointed Public Service Commissioner in 1999 and has played a critical role in shaping major public service policies in post-1994 South Africa. Jerry is Chairman of the Mpumalanga Gambling Board and the State Information Technology Agency (SOC) Proprietary Limited. He is non-executive Chairman of Netcare Limited and holds non-executive directorships in Goliath Gold, Blue Label Telecoms Limited and General Healthcare Group plc (UK). He is also a former non-executive director of Pretoria Portland Cement Limited.

#### TERMS OF OFFICE

Christopher Chadwick, Robert Chan, Timothy Cumming, Rick Menell and Jerry Vilakazi retire by rotation at the upcoming Annual General Meeting on 12 May 2015, and have indicated that they are available for election or re-election.

Barry Davison, Nkosemntu Nika, Keith Rayner, Zola Skweyiya and Susan van der Merwe retire by rotation in 2016.

# CHIEF EXECUTIVE'S REPORT

Neal Froneman

## INTRODUCTION

Sibanye is the largest producer of South African gold with its production sourced entirely from its operations in South Africa. Our vision is to create superior value for all of our stakeholders. Our strategy is underpinned by our commitment to pay our shareholders sustainable, industry leading dividends. We will achieve this vision by optimising our current operations and extending their operating lives, and by leveraging existing infrastructure to enhance the inherent value of brownfields and greenfield projects. We will also consider making acquisitions in the gold and other mineral sectors if they enhance or sustain our ability to pay an industry leading dividend to our shareholders.

We are comfortable investing in South Africa, which offers significant opportunities for us to continue to deliver sustainable value for all of our stakeholders. South Africa offers well-understood and simple geology, and still contains some of the highest grade gold resources in the world as well as an abundance of skilled and experienced mining practitioners. The areas in which we operate are accessible via first-class infrastructure and the established mining industry is serviced by well-developed and innovative associated industries. While regulatory uncertainty is a factor, which has inhibited investment in recent years, the country has sound financial and judicial systems and a world-class Constitution, which protects individual and corporate rights.

By applying our experience in the South African mining industry and understanding of the regulatory and labour environment, we intend to grow our business in the gold and in other mineral sectors for the benefit of all stakeholders. By applying our proven operating model and deep-level, hard-rock mining capability to new acquisitions and projects, we believe we can continue to unlock value, in much the same way we have by turning around Sibanye's existing mines. Our high-quality, cash-generative gold operations and robust balance sheet, underpin our ability to deliver on this vision while continuing to pay sustainable, industry leading dividends to shareholders.

We are aware, however, that in order to achieve our goals and re-establish the primacy of mining to South Africa's economic development in the eyes of government and all the country's people, we are going to have to adopt a prominent leadership role in the industry. I am confident that we have laid a solid foundation in the last two years, which will allow this.

## SAFETY

Our focus on establishing a safe, production-friendly operating environment, through the ongoing implementation of our health and safety strategy and initiatives to reduce risk continues, as we strive towards our goal of zero harm. I am pleased to report that our safety performance improved significantly towards the end of the year. Following specific management intervention (mentioned in the September 2014 results report), Beatrix recorded a fatality free December 2014 quarter, with Driefontein and Kloof consecutively experiencing no fatalities for seven and six months respectively. Fatalities at Beatrix, Driefontein and Kloof were, as a result, lower year-on-year, with eight fatalities recorded during 2014, compared with nine during 2013. Cooke suffered a total of three fatal accidents during the seven months of incorporation into Sibanye. The majority of these incidents were a result of avoidable human error and the safety performance at Cooke is being addressed through ongoing implementation of Sibanye's safety management systems and practices.

## 2014 IN REVIEW

2014 was a year of operational and financial consolidation for Sibanye, after significant restructuring in 2013. Our primary objective, during the year, was to entrench the new operating model and operational structures, which had been successfully implemented at the Beatrix, Driefontein and Kloof operations in 2013, whilst integrating the newly acquired Cooke Operation (Cooke) into the Group. At the same time, cognisant of the importance of ensuring the consistency and sustainability of our performance, we established dedicated internal capacity focused on securing the long-term future of our company. A dedicated projects team is assessing all organic opportunities within the Group while a new business development function was established to consider external, value-accretive opportunities, ensuring that the operations focus on delivery. We have also established a Safe Technology function which will explore ways to modernise the operations, by using new technologies to improve working conditions and make the working environment safer for employees, while at the same time improving productivity and reducing costs.

We are confident that we have now convincingly arrested the historical declining production and rising cost trends at our core Beatrix, Driefontein and Kloof operations as represented in the graph on page 27. Production at these operations has stabilised at approximately 45,000kg (1.45Moz) and gold Reserves increased for a second consecutive year, despite continued depletion as a result of our operating activities. The acquisitions of the Cooke assets and Wits Gold in mid-2014, added significant optionality to our sizeable gold Resource and Reserve base, as well as adding 60Mlb of uranium Reserves, predominantly contained in low-cost surface dumps.

The integration of Cooke will also result in Sibanye achieving its strategic objective of bringing lower grade gold Resources to account through the production of by-product uranium. Sibanye is now well-positioned to exploit extensive lower grade resources at the Cooke Operations profitably. In addition, Sibanye will now be able to enter into long-term uranium contracts as a result of the regular and consistent delivery of ammonium diuranate to Nufcor. Uranium production from Cooke continued uninterrupted from May 2014, resulting in uranium inventory of approximately 180,000lb at year-end.

Group gold production for 2014, including a 4,305kg (138,400oz) contribution from Cooke, increased by 11% year-on-year to 49.432kg (1.59Moz), compared with 44,474kg (1.43Moz) in 2013. Group Total cash cost for the year of R295,246/kg (US$849/oz) and All-in sustaining cost of R372,492/kg (US$1,071/oz) were in line with guidance, with the annual cost increases maintained at well below historical mining inflation rates. Group unit cost per ton milled declined by 10% to R785/t (2013: R879/t).

The outlook for 2015 is for consistent forecast gold production of between 50,000kg (1.61Moz) and 52,000kg (1.67Moz), with Total cash cost forecast at between R305,000/kg (US$850/oz) and R315,000/kg (US$875/oz). All-in sustaining cost is forecast to be between R380,000/kg (US1,055oz) and R395,000/kg (US$1,100/oz), and All-in cost forecast to be between R385,000/kg (US$1,070/oz) and R400,000/kg (US$1,110/oz). Approximately 250,000lb of by-product uranium production is forecast. Capital expenditure is forecast at R3.6 billion (US$320 million), and is higher year-on-year due to an additional R400 million (US$36 million) which will be spent on projects. We will continue to invest appropriately in our current operations in order to sustain current production levels.

Supported by the solid operating performance and stable outlook for 2015, the Board declared full year dividends of R1.0 billion (2013: R272 million), which was equivalent to a 5% yield at 31 December 2014. This is significantly higher than the average global gold industry dividend yield, despite the 83% increase in Sibanye's share price during the year. Sibanye's share price appreciated by 83% from R12.30 at end 2013 to R22.55 at end 2014 after closing at a high of R29.52 on 23 July 2014. This compares with the 12% increase in the JSE gold index over the same period.

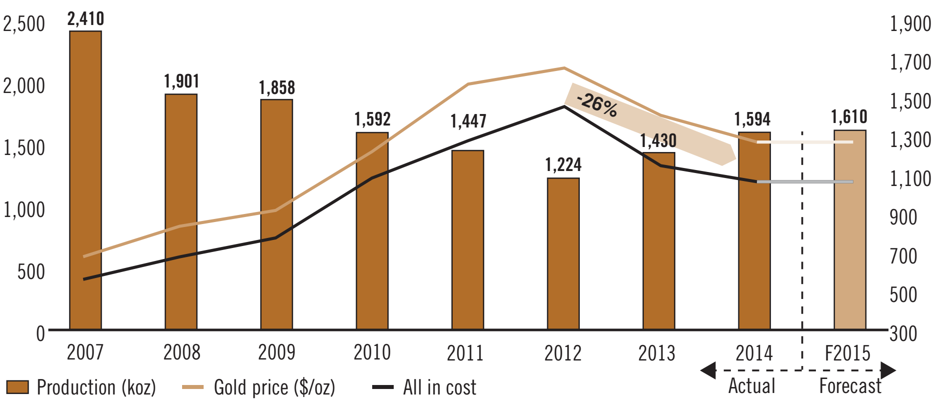
**DELIVERING SUSTAINABLE VALUE**

We are committed to our stated strategy of rewarding our shareholders by paying sustainable, industry leading dividends. This dividend is the first call on cash, and our commitment to the dividend strategy introduces an element of capital discipline, with projects or acquisitions only pursued if they support or enhance the dividend.

The acquisitions of the Cooke assets and Wits Gold, which were concluded in May 2014, are consistent with this strategy. These acquisitions will allow us to leverage regional and operational synergies in order to extend the Group operating life, thereby sustaining the dividend for longer and improving the Group's return on invested capital:

- The consolidation of the significant uranium and gold Reserves contained in Cooke's tailings storage facilities (TSFs) with the high grade gold tailings storage facilities already owned by Sibanye, has improved the economic viability of developing the high volume WRTRP. Combining the tailings storage facilities and allows for phasing of the project capital, thereby lowering the operational risk and improving the economics. Consolidating the existing gold processing infrastructure at Driefontein and Kloof with the Ezulwini gold and uranium plant into the project will also allow for better project phasing and early cash generation with relatively low upfront capital requirements.

**Sibanye annual production and total cash cost (000oz)**



# CHIEF EXECUTIVE'S REPORT
CONTINUED

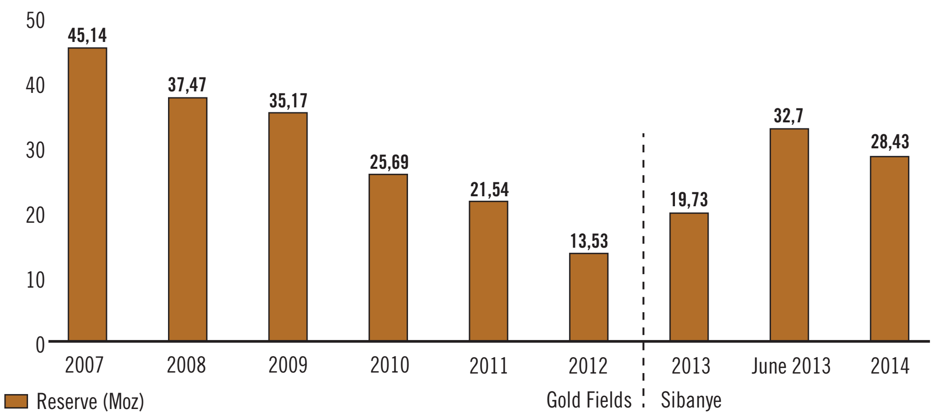
- Wits Gold's Bloemhoek and De Bron-Merriespruit projects are located North of and adjacent to Beatrix North Section in the Free State province. The Sibanye project team is currently assessing the potential to access parts of the Bloemhoek lease area from the underground workings at Beatrix North Section, potentially extending the life of the mine by five to 10 years. The close proximity of the projects to Beatrix could also negate the construction of stand-alone surface infrastructure, reducing the required project capital and thereby enhancing project returns.

In the past, I discussed how Group production could be maintained at over 1.5Moz per annum until at least 2028 and could be funded from internal cash flow without compromising the dividend (assuming a constant real gold price of R430,000/kg), if all of Sibanye's organic projects were to be developed on current assumptions. Since then, our centrally managed projects team, which was established in mid-2014, has made significant progress in reviewing and classifying all of the organic projects.

Following intensive assessment and review, key projects have been identified and prioritised, with additional work required on others. Projects which have been prioritised and will be advanced in 2015 include:

- **The Kloof 4 shaft and Driefontein 5 shaft below infrastructure projects:** Pre-feasibility studies on the viability of accessing resources below current infrastructure, by means of the development of declines were completed in 2014. The pre-feasibility studies for both projects suggest robust economic returns that exceed the Group's internal investment hurdle rates. These projects have consequently been included in Group gold Reserves in 2015 and into the life of mine production plan. The below infrastructure projects add approximately 1.1Moz and 0.5Moz to the Driefontein and Kloof gold Mineral Reserves, respectively. Additional detailed feasibility studies are scheduled for completion during the second quarter of 2015.
- **The WRTRP:** A phased development approach has been adopted for this significant surface dump retreatment project. A detailed feasibility study, which is due for completion during the first quarter of 2015, is specifically considering how to leverage available surface infrastructure, including existing surface gold plants at Driefontein and Kloof and uranium processing capacity at the Ezulwini plant in order to generate early cash flow and enhance value.
- **The Burnstone project:** Capital expenditure of R286 million was approved by the Sibanye Board in 2014 to provide working capital, complete critical required infrastructure at the Burnstone project and to complete a feasibility study. The Infrastructure project, which commenced in July 2014 and is planned for completion in September 2015, involves two main areas of focus: completion of the shaft infrastructure and pumping facilities underground to allow permanent dewatering. A feasibility study reviewing and assessing the viability of the entire project is well advanced and is on schedule for completion during the second quarter of 2015. Revised geological modelling and mineral resource estimation underpinned an updated 8.9Moz gold Mineral Resource. This will form the base for the feasibility study and associated development and life of mine plan.
- **The Beatrix West Section, Beisa project:** A pre-feasibility study on this gold and uranium resource was completed in December 2014.

**Gold Reserves (Moz)**



Various regulatory approvals and permits are required before this project can be advanced. Applications for the various permits and approvals will commence during 2015 and ongoing optimisation and review of the pre-feasibility study will continue in parallel with the permitting process.

While our high-quality gold operations underpin our ability to deliver a sustainable dividend to shareholders and gold production will always be an important component of our asset portfolio, delivery on our dividend strategy is not necessarily restricted to the gold sector. We are confident that our operating model and structures can be applied to unlock value in other sectors in the same way we have created value in Sibanye.

In this regard, we announced in February 2014 that we would be interested in participating in any restructuring in the platinum industry if any opportunities that arose were accretive to earnings and cash flow on a per share basis in the near to medium term. The technical similarities between tabular intermediate to deep, hard rock mining in both the South African gold and platinum mines, makes platinum a natural area for application of Sibanye's core mining competences. Sibanye's operating model, which has started to deliver operational turnaround at the mature deep-level gold mining operations, is well suited to deliver similar value to platinum mining operations. Our platinum ambitions remain firmly in place and we will continue to participate in the Amplats auction process as well as assessing other opportunities in 2015. I again wish to stress however, that commodity diversification is not an imperative and will not be pursued if it is not value-accretive and has any negative implications for the dividend strategy.

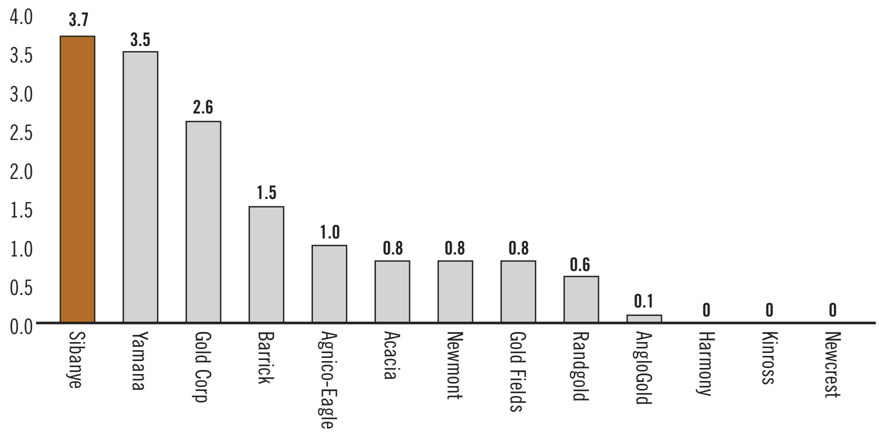
We will also continue to pursue opportunities which may arise in the South African gold sector, but see less value in the purchase of specific assets or mines assets, following the logical, strategic acquisitions of Cooke and Wits Gold. We believe that it is only through larger, company scale consolidation, that significant corporate and other overhead costs can be removed, in order to unlock sustainable value in the industry.

**STAKEHOLDER RELATIONS**

The South African gold industry will again be entering into negotiations with organised labour in mid-2015, focused on annual wage increases. The structure of organised labour in South Africa has undergone significant change since 2012, with the emergence of younger unions such as the Association of Mineworkers and Construction Union (AMCU), which has gained significant membership in an industry previously dominated by a single union, the National Union of Mineworkers (NUM). This has introduced some complexity and uncertainty into the upcoming gold sector wage negotiations, particularly against the backdrop of lengthy and hostile negotiations in the platinum sector in 2014.

The gold industry is an essential constituent of the South African economy, providing much needed employment, supporting small and medium enterprises, developing communities and generating a significant amount of foreign income. As such, the profitability and sustainability of the gold industry is critical to the successful future development and growth of the economy. Sibanye's superior value creation feeds through to many sectors of the economy.

**Relative dividend yield (%)**




*Source: Bloomberg consensus numbers at 18 February 2015*

# CHIEF EXECUTIVE'S REPORT
## CONTINUED

We will endeavour to avoid a similarly damaging outcome from the 2015 gold wage negotiations, and hope that the devastating impact on all stakeholders of the platinum sector negotiations and the lessons learned, will result in a much more mature and cooperative process, we will also ensure that we do not compromise the sustainability of the business by acceding to unrealistic demands from the unions.

In the past two years, we have put significant emphasis on improving living and working conditions for our employees and attempting to address the challenges they face in their daily lives. Wages in the gold industry are, on average, significantly higher than in many other industries and professions in South Africa, if one considers the numerous benefits and bonuses that are earned. Various historical and external factors have however significantly reduced the take home pay of many employees which, compounded by inadequate service delivery and other factors, has negatively impacted on the living standards of employees.

We have begun addressing critical issues such as indebtedness by providing financial literacy programmes and debt counselling to over 9,000 employees and community members and are investigating debt consolidation with third parties in order to provide affordable financing for employees. We have also developed a low-cost housing model which will facilitate ownership of property for all of our employees, which are affordable using existing live out allowances.

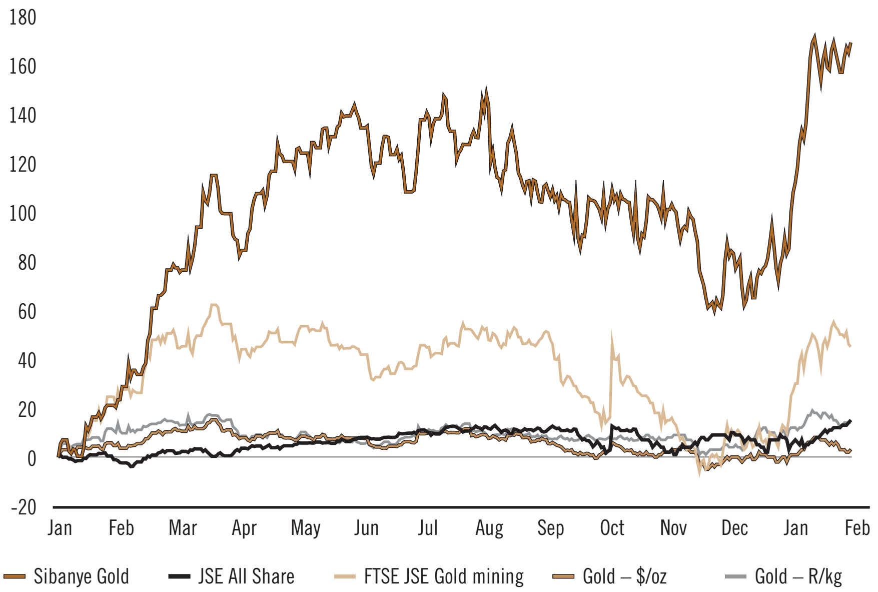
We also continue to actively engage communities around our operations and in labour-sending areas in order to, where possible, address their developmental needs.

We recognise the importance that all our stakeholders play in ensuring the sustainability of our business and our efforts are guided and underpinned by our vision of delivering superior value to all of our stakeholders through our culture of caring. Through continued delivery of this vision, we expect that our employees and communities will come to appreciate the importance that a profitable and sustainable business has for them and the other stakeholders who rely on the gold industry. We will however, obviously be prepared for any eventuality that may arise and have prepared plans to minimise losses and unsure our long-term viability in the event of an extended strike.

### SECURING RELIABLE POWER

Shortly after listing in 2013, we stated that we would be exploring alternative sources of long-term electricity supply in response to the risk that uncertain, inconsistent and increasingly expensive power supplied by the state-owned power utility, Eskom posed to our current operations and future development. Ongoing delays at Eskom's new capacity build projects and a lack of critical maintenance at its existing stations, has resulted in regular supply interruption, which is likely to continue for the foreseeable future.

**Sibanye relative share price performance**




*Source: Bloomberg: 13 February 2015*

While we have identified and implemented numerous measures that have enabled us to reduce electricity consumption by approximately 20% since 2007, spiralling capital costs, have led to rapidly escalating power costs for consumers as Eskom has consecutively implemented punitive annual cost increases. Power costs as a percentage of operating costs at Sibanye, have swelled from approximately 9% in 2007 to over 20% in 2015, with supply irregular and uncertain.

In order to mitigate the short-term risk, we have continued to work with Eskom to manage and minimise the impact of load shedding on our operations. It was already clear in 2013 though, that security of electricity supply and rising costs would remain an issue for many years to come and, in order to mitigate this risk, we began exploring a number of alternative supply options to reduce reliance on Eskom.

In 2014 we completed a pre-feasibility study investigating the potential of solar power as an alternative power source. The pre-feasibility study confirmed that solar power provides an economically competitive solution to Sibanye's electricity requirements, which will partially insulate us from the effects of interruptions in Eskom supply. We are contemplating a phased R3 billion investment, with involvement of financial partners, in establishing solar photovoltaic generating plant with a peak generating capacity of 150MW. This represents a substantial portion of Sibanye's overall 500MW power demand, and will provide around 10% of our electrical energy requirements when averaged over the course of a day. A site large enough to host a 150MW installation with limited potential for other land use has been identified close to Driefontein. We intend to launch permitting applications early in 2015, and anticipate that we will be able to start independent generation of captive electricity for our operations during 2017.

Sibanye has undertaken several studies into other alternative energy sources that we consider reliable and over which we will be able to exercise some control. To this end, we are completing an in-depth investigation into coal fired power stations varying in size from 200MW to 600MW. A key aspect of this will be ensuring reliable quality coal sources. We are also engaging with technology partners in order to develop a deeper insight into independent power generation. It is our intention to become fully independent of Eskom over the next few years, as this will make a material difference to production costs.

**A MORE CERTAIN REGULATORY ENVIRONMENT**

Regulatory compliance has been another area which has caused concern among investors as certain elements of the Mining Charter are ambiguous. We welcome the upcoming mining sector audit process by the Department of Mineral Resources, and expect it to provide welcome clarity and greater certainty. We have deployed significant resources and effort in the last two years to ensuring the Group's compliance with the Mining Charter, and we are confident of our compliance and legal position ahead of the audit by the Department of Mineral Resources.

**CONCLUSION**

Sibanye, underpinned by its high-quality operations, which generate solid, consistent cash flow, will continue to deliver superior value for all stakeholders, consistent with its vision. Sibanye is well-positioned to sustain its cash flow by developing organic projects and is well positioned financially and strategically to take advantage of any acquisition opportunities which meet our investment criteria and support our dividend strategy.

2015 poses some challenges, particularly in the first six months, but we believe we have positioned the Group well to endure and overcome any scenarios we might face. We should emerge in the latter part of the year with a clearer understanding of our position, particularly in relation to our labour relations environment and regulatory compliance. This is positive and will allow us to make the strategic decisions which will allow us to achieve our long-term goals.

I would like to thank my Executive colleagues and the Board for its support and guidance throughout the year and would like to thank the rest of our team at Sibanye for the commitment and co-operation shown throughout the year. I am positive that by continuing to embrace our CARE values and working together as a team, we can build on the foundation we have laid and develop Sibanye into the leading South African mining company it can be.

**Neal Froneman**
**Chief Executive Officer**
23 March 2015

# CFO'S REPORT

Charl Keyter

The year under review was operationally and financially consistent with our forecast. A solid production result again underpinned delivery of an industry leading dividend yield to shareholders. This consistency resulted in our share price significantly outperforming most listed global gold companies and the gold price ending the year as one of the top performing stocks on the JSE. Our share price increased by 83% in 2014, lifting our market capitalisation to R20.3 billion by 31 December 2014.

This performance reflects growing market acceptance of our ability to deliver on Sibanye's strategy as well as an appreciation of our inherent value offering. We have proven the effectiveness of our operating model and structures, and our ability to turn around mature mines. This places us in an excellent position to maintain the performance at our existing operations as well as growing the company through smart, value-accretive acquisitions.

**GOLD PRICE AND EXCHANGE RATE**

In 2014, the average US dollar gold price received declined by 10% to US$1,267/oz (2013:US$1,408/oz) while the 13% increase in the average exchange rate to R10.82/US$ (2013: R9.60/US$), meant the rand price of gold received was 1% higher at R440,615/kg (2013: R434,663/kg).

**PRODUCTION**

Sibanye produced 49,432kg (1.59Moz) of gold in 2014. This was in line with prior guidance, despite the loss of over 500kg due to the underground fire at Driefontein early in the year and the impact of Eskom load shedding in the latter half of the December quarter on the operations.

Uranium production from Cooke continued uninterrupted from May 2014, resulting in inventory of approximately 180,000lb at year end. No uranium was sold during the year.

**FINANCIAL PERFORMANCE**

Revenue increased 13% to R21.8 billion, from R19.3 billion in 2013. The 11% year-on-year increase in production translated into R2.2 billion additional revenue. The higher gold price contributed R300 million to revenue for the year.

Operating costs increased by R2.3 billion or 20% year-on-year, primarily due to the incorporation of Cooke from June 2014. Cooke added R1.7 billion to operating costs. Costs at Beatrix, Driefontein and Kloof rose by R0.6 billion or 5% mainly due to increased volumes treated. Operating cost on a per kilogram basis at Beatrix, Driefontein and Kloof rose by only 4% due to the 1% increase in gold production.

The average All-in sustaining cost per kilogram, the total cost of producing each kilogram of gold, rose by 3% at Beatrix, Driefontein and Kloof. This was substantially below the national consumer price inflation rate of 6.1%, and reflected operational restructuring and our focused approach to containing or reducing costs. This modest increase indicates that the Group managed to overcome the substantial increases in labour and electricity costs that, respectively, contribute some 47% and 19% of total operating costs and which are beyond the Group's control.

Labour costs increased by 8% year-on-year due to the inclusion of the Cooke assets for seven months. Labour cost at Beatrix, Driefontein and Kloof, however, reduced year-on-year mainly due to the operational rightsizing undertaken during the 2013 year. The overall cost of electricity rose by 18%, again due to the inclusion of the Cooke assets. Excluding the Cooke assets, the increase was only 5%, which was significantly lower than the regulated tariff increase. The fact that unit costs rose by a substantially lower rate than those of labour, power and general inflation is indicative of our strict control of costs and the progressive, non-disruptive rightsizing of our employee base.

For the 2015 financial year and with the full integration and consolidation of Cooke, we are targeting average unit cost increases of between 5% and 6%. Again, this should be seen against our expectation of above inflation increases. We will, however, be relentless in our efforts to work out these inflationary increases.

Operating profit of R7.5 billion was in line with the R7.4 billion reported the year before. Profit for the year, however, dipped 11% to R1.5 billion from R1.7 billion in 2013 mainly as a result of a net loss on the 33.1% share in Rand Refinery of R480 million.

Earnings attributable to the owners of Sibanye for 2014 of R1.6 billion compared with R1.7 billion in 2013 were affected by the loss on Rand Refinery, share-based payments, losses on financial instruments and foreign exchange, impairments, tax and royalties.

Headline earnings, after adjusting earnings for a R120 million impairment charge in respect of Sibanye's investment in Rand Refinery, a R114 million impairment of the Python Plant and a R360 million impairment reversal of Beatrix West Section, were 39% lower at R1.4 billion.

Like-for-like comparisons between earnings per share (EPS) and headline earnings per share (HEPS) for the year ended 31 December 2014 and the comparable period in 2013 are distorted as a result of a 28% increase in the weighted average number of shares year-on-year. This difference is primarily due to the fact that, until its unbundling from Gold Fields in mid-February 2013, Sibanye only had 1,000 shares in issue. The weighted average number of shares in issue in 2013, was 650.6 million, compared with the 735.1 million shares in issue at 31 December 2013.

For the acquisition of the Cooke assets during May 2014, Sibanye also issued 156.9 million new ordinary shares to Gold One, which resulted in the weighted average number of shares in issue for the year ended 31 December 2014 being 835.9 million with 898.8 million shares in issue at year end.

Mainly as a consequence of the difference in the weighted average number of shares between the periods, EPS and HEPS for the year ended 31 December 2014 were 28% and 52% lower respectively than the reported EPS of 260 cents per share and HEPS of 355 cents per share for the year ended 31 December 2013. At 31 December 2014, EPS was 186 cents per share and HEPS was 170 and cents per share.

### DEBT

Group debt increased from R2.0 billion to R3.2 billion mainly due to the inclusion of the Burnstone Debt and the funding of Rand Refinery. The R1.1 billion debt attributable to the Burnstone project has no recourse to Sibanye's balance sheet and is ring-fenced to the Burnstone project. The cash inflows from the Burnstone mine will be applied to reduce this debt.

Sibanye repaid R656 million debt assumed through the acquisitions of Wits Gold and Cooke, and repaid R900 million under the R4.5 billion Facilities. On various dates during 2014, Sibanye made additional drawdowns of R500 million and, on 18 December 2014, Sibanye borrowed a further R385 million to fund its portion of the Rand Refinery loan, increasing its debt under the R4.5 billion Facility to just below R2.0 billion.

Net debt, excluding the Burnstone Debt, increased from R0.5 billion to R1.5 billion. This increase is post cash outflows of unusually high royalty, tax and dividend payments of approximately R3.0 billion due to the timing of the year end, the repayment of R1.6 billion debt and the R415 million purchase consideration for Wits Gold.

### CASH FLOW

Cash generated by operating activities was steady year-on-year at R7.1 billion. Net cash inflows from operating activities decreased from R6.4 billion in 2013 to R4.1 billion in 2014. The items contributing to the year-on-year decrease of R2.3 billion were due to the factors in the table below:

| | R million |
|---|---|
| Increase in cash generated by operations mainly due to increase in gold production | 241 |
| Increase in cash-settled share-based payments paid | (163) |
| Decrease in release from working capital | (354) |
| Decrease in interest paid | 132 |
| Increase in royalties paid[1] | (401) |
| Increase in taxes paid[1] | (1,042) |
| Increase in dividends paid[1] | (733) |
| Other | 13 |
| Decrease in cash flows from operating activities | (2,307) |

[1] *The increase in royalties, taxation and dividends paid was due to additional payments made during 2014 compared with 2013.*

Free cash flow – cash from operating activities before dividends, less additions to property, plant and equipment at R1.8 billion – was 52% lower due to the aforementioned factors.

Cash outflows from investing activities increased from R3,072 million in 2013 to R4,309 million in 2014 mainly due to an increase in capital expenditure of R349 million, the acquisitions of Wits Gold, Cooke and Burnstone for R616 million and the loan advanced to Rand Refinery of R385 million.

Cash and cash equivalents at year end amounted to R0.6 billion.

### CAPITAL EXPENDITURE

Capital expenditure during the year under review amounted to R3.3 billion and was largely devoted to maintaining infrastructure and to developing ore reserves. ORD has increased substantially in the past two years as we continue to increase flexibility at our operations in order to ensure sustainability of production.

Of the R3.3 billion capital expenditure in 2014, almost two thirds or R2.1 billion was directed towards ORD across the Group. Of the remainder, some R1.0 billion was directed towards maintaining infrastructure with the balance of R133 million spent on projects at the Cooke operations and the Burnstone mine.

Capital expenditure is planned to increase by 10% to R3.6 billion largely due to a R400 million increase in expenditure on projects to extend the operating lives of the mines and on growth projects such as Burnstone.

### DIVIDENDS

Reflecting the Board's confidence in the outlook for the Group, a final dividend of 62 SA cents per share was declared on 19 February 2015 in respect of the six months ended 31 December 2014. This brought the full year dividend to 112 SA cents per share which, at 44% of normalised earnings, was above the range of between 25% and 35% defined by Sibanye's dividend policy. Normalised earnings are defined as basic earnings excluding gains and losses on foreign exchange and financial instruments, non-recurring items and its share of results of associates after taxation.

### CONCLUSION

2014 was a year of financial and operational consistency. The industry leading dividend of 112 SA cents per share was underpinned by solid production results and our relentless efforts to mitigate inflationary cost pressures. All-in sustaining cost for the Group of R372,492/kg (US$1,071/oz) was in line with guidance, and annual increases were maintained at well below historical mining inflation rates.

**Charl Keyter**
**Chief Financial Officer**
23 March 2015

# MANAGEMENT

### SHADWICK BESSIT (52)

**SENIOR VICE PRESIDENT: UNDERGROUND OPERATIONS – KLOOF AND DRIEFONTEIN**

**National Higher Diploma, Technikon Witwatersrand**
**Executive Development Programme, Gordon Institute of Business Science**
**South African Mine Manager's Certificate of Competency**

Prior to joining Gold Fields on 6 July 2012, Shadwick Bessit pursued personal business interests from 2010 to 2012 and was Executive Director: Operations at Impala Platinum Holdings Limited (Implats). He occupied this position from 2005 to 2010 after joining Implats in November 2002 as General Manager. Previously, he was employed at AngloGold Ashanti from 1986 to 2002 where he moved through the ranks to General Manager level at the Deelkraal, Elandsrand and Savuka mines.

### HARTLEY DIKGALE (54)

**SENIOR VICE-PRESIDENT: GENERAL COUNSEL AND LEGAL, COMPLIANCE AND ETHICS**

**Bluris, University of the North**
**LLB,HDip (Company Law), University of the Witwatersrand**
**LLM, Vista University**

Hartley Dikgale is an admitted advocate of the High Court of South Africa and has more than 30 years of corporate experience as a business executive. He has served on more than 20 boards of directors of listed and unlisted companies. He was introduced to the mining sector in 2004 when he was appointed to the Board of Pamodzi Gold Limited (Pamodzi) as a non-executive director. He has worked for, among others, Sanlam Limited (Sanlam), Old Mutual, the Independent Communications Authority of South Africa, Rand Water Board and Pamodzi Investment Holdings Proprietary Limited. In recent years (from 2010 to 2012), Hartley has worked for Rand Uranium Proprietary Limited (Rand Uranium) in an executive capacity as Senior Vice President: General Counsel. When Gold One acquired Rand Uranium, Hartley joined Gold One as Senior Vice President: General Counsel from 2012 to 2013. Hartley joined Sibanye in May 2013 where he now serves in a similar capacity.

### CAIN FARREL (65)

**CORPORATE SECRETARY**

**MBA, Southern Cross University, Australia**
**FCIS**

Cain Farrel was appointed to his position on 1 January 2013. Before then, and from 1 May 2003, he was Company Secretary at Gold Fields. Previously, Cain served as Senior Divisional Secretary at Anglo American. He is a Past President and former director of the Southern African Institute of Chartered Secretaries and Administrators (SAICSA).

### NASH LUTCHMAN (52)

**SENIOR VICE PRESIDENT: PROTECTION SERVICES**

**BA (Hons) (Criminology), University of KwaZulu-Natal**

Nash Lutchman has more than 25 years' experience in the policing and security environment. He enlisted in the South African Police Service (SAPS) in 1987 and rose through the ranks from Constable in 1988 to Brigadier in 1999. During his time with the SAPS, Nash served in various divisions at senior level. In 2004, he joined the De Beers group as Security Manager in Kimberley and held other key positions as Group Crime and Intelligence Manager, Regional Security Manager, Group Investigations and Crime Information Manager, before being appointed to head the Security division at De Beers Consolidated Mines Limited (De Beers). In 2008, Nash joined Gold Fields as Manager: Special Investigations and was appointed Senior Manager and Head of Gold Fields Protection Services in July 2009. In March 2014, Nash was appointed as Senior Vice President responsible for developing and delivering a holistic protection strategy for Sibanye.

### DAWIE MOSTERT (45)

**SENIOR VICE PRESIDENT: ORGANISATIONAL EFFECTIVENESS**

**Diploma in Labour Relations**
**MDP (Adv Labour Law)**
**MBA, University of South Africa**

Dawie Mostert, who has more than 18 years' experience in the mining industry, was appointed to his position on 1 January 2013. Prior to joining Sibanye, he served as Vice President: Commercial Services at Gold One in 2012 and Vice President: Human Capital at Great Basin Gold from 2006 to 2012. Prior to joining Great Basin Gold in 2006, he was Executive: Organisational Development and Employee Relations at Harmony from 2002 to 2006. Dawie joined Harmony in 1996 as part of the acquisition transformational team and was appointed Mine Manager at Elandsrand mine from 2001 to 2002.

### ADAM MUTSHINYA (51)

**SENIOR VICE PRESIDENT: HUMAN CAPITAL**

**BAdmin (Hons) (Industrial Psychology), University of Venda**

Adam Mutshinya was appointed to his position on 1 March 2013. Prior to this appointment, from 1 December 2012, he was Vice President and Head of Human Resources: South Africa Region for Gold Fields. Before that he was Vice President and Head of Group Talent Management at Gold Fields. Prior to joining Gold Fields in November 2011, Adam was with the South African Forestry Company Limited (South African Forestry Company) as Group Executive: Human Resources and Senior Group Executive: Human Capital from September 2006 to June 2011. He has also held various positions at Amplats where he was Human Resource (HR) Manager: Platinum Expansion Programme, HR Manager: Smelter Operations and Group HR Manager: Transformation between October 2003 and August 2006.

### DICK PLAISTOWE (65)

**SENIOR VICE PRESIDENT: METALLURGY AND SURFACE OPERATIONS**

**BSc (Hons) (Mining Engineering), University of Nottingham**
**South African Mine Manager's Certificates of Competency (Metalliferous and Fiery Coal Mines)**
**Programme for Management Development, Harvard Business School**
**Programme for Management Development, University of South Africa**

Dick Plaistowe has more than 40 years' experience in the mining industry with extensive strategic, operations and project management experience. He also has 20 years' experience in the surface retreatment business and was CEO responsible for the listing of Crown Consolidated Gold Recoveries (now incorporated within DRDGOLD Limited) on the JSE in 1997 and the formation of Mine Waste Solutions Proprietary Limited in 2000 where he was CEO until 2005. He was recruited by Gold One in August 2011 to develop a surface retreatment business following Gold One's acquisition of Rand Uranium in 2011. Dick joined Sibanye in June 2014.

### WAYNE ROBINSON (52)

**SENIOR VICE PRESIDENT: UNDERGROUND OPERATIONS – BEATRIX AND COOKE**

**BSc (Mechanical Engineering), University of Natal**
**BSc (Mining Engineering), University of the Witwatersrand**
**PrEng**
**South African Mine Manager's Certificate of Competency (Metalliferous)**
**South African Mechanical Engineer's Certificate of Competency**

Wayne Robinson has worked in the South African gold and platinum mining sectors for more than 25 years with experience in underground mine management. Prior to joining Sibanye, he was the Executive Vice President of Cooke Operations and served on the Gold One Executive Committee from 2012 to 2014. He has held senior management positions at Eastern Platinum Limited from 2006 to 2012, Richards Bay Minerals, from 2005 to 2006 and Gold Fields, having qualified as a mechanical and mining engineer.

### RICHARD STEWART (39)

**SENIOR VICE PRESIDENT: BUSINESS DEVELOPMENT**

**BSc (Hons), PhD (Geology), University of the Witwatersrand**

Richard Stewart has over 15 years' experience in South Africa's geological and mining industries, and is a professional natural scientist registered with the South African Council for Natural Scientific Professions. Prior to joining Sibanye in 2014, he held management positions in the Council for Scientific and Industrial Research (CSIR) Mining Technology division, Shango Solutions, Uranium One and as an investment consultant for African Global Capital Proprietary Limited. In 2009, Richard joined Gold One where he served as Executive Vice President: Technical Services. He was also CEO of Goliath Gold.

### PETER TURNER (58)

**SENIOR VICE PRESIDENT: TECHNICAL SERVICES**

**National Higher Diploma (Mechanical Engineering), Vaal Triangle Technikon**
**South African Mine Manager's Certificate of Competency (Metalliferous)**
**South African Mechanical Engineer's Certificate of Competency**

Peter Turner was appointed to this position in 2015. He has more than 39 years' experience in the mining industry as a senior executive at Anglo American, AngloGold Ashanti and Gold Fields prior to joining Sibanye. Peter has worked in deep-level and open-pit operations throughout Africa, including Mali, Ghana, Namibia and Tanzania. He began his career as an engineering trainee at Vaal Reefs in 1975, having qualified as a mechanical and mining engineer.

### ROBERT VAN NIEKERK (50)

**SENIOR VICE PRESIDENT: ORGANISATIONAL EFFECTIVENESS**

**National Higher Diploma (Metalliferous Mining), Technikon Witwatersrand**
**BSc (Mining Engineering), University of the Witwatersrand**
**South African Mine Manager's Certificate of Competency**

Robert van Niekerk was appointed to this position in February 2013. Prior to joining Sibanye, he was the Senior Vice President and Group Head of Mining at Gold Fields from November 2011. He previously occupied several senior management positions at Gold Fields (from September 2009 to November 2011) and Amplats as well as management positions at Uranium One and Gold One. Robert began his mining career in 1982 as a Barlow's Learner Official and progressed through the mining ranks at a number of South African underground and surface operations.

### JAMES WELLSTED (45)

**SENIOR VICE PRESIDENT: INVESTOR RELATIONS**

**BSc (Hons) (Geology), University of the Witwatersrand**
**PDM, Wits Business School**

James Wellsted was appointed to this position on 1 January 2013. Prior to joining Sibanye, and from 2011, he was a mining analyst at JP Morgan Securities South Africa Proprietary Limited, covering the South African diversified mining sector. James was also Executive Head of Investor and Media Relations at Mvelaphanda Resources Limited for seven years until its unbundling in 2011. Between 1998 and 2004, James was an analyst at JP Morgan, covering South African and African gold mining companies, and contributing to JP Morgan's supply and demand and gold price forecasts.

# MANAGING RISK, IDENTIFYING OPPORTUNITIES

**Risk Management Policy:** www.sibanyegold.co.za/the-group/governance/executive-committee

## RISK MANAGEMENT OVERSIGHT, RESPONSIBILITY AND GOVERNANCE

Sibanye's Risk Management Policy, strives to manage risk effectively to protect the Group's assets, stakeholders, environment and reputation to ensure that we achieve our business objectives. The aim of the risk management framework is to achieve a fuller understanding of the reward/risk balance and seek to reduce the likelihood and consequences of adverse effects to levels that are within our risk appetite/tolerance, and to achieve continuous improvement in the management of our risks, thereby enhancing the degree of certainty of achieving our objectives.

The Board believes that Sibanye's risk-management policies, practices and management systems are sound, well-established and entrenched at the operations. The Group has implemented an Enterprise Risk Management guideline, which is aligned with the ISO 31000 international risk-management standard and the governance principles enshrined in King III.

Our objectives are:

- to identify, assess and manage risks in an effective and efficient manner;
- to make decisions based on a comprehensive review of the reward-to-risk balance;
- to provide greater certainty on the delivery of objectives; and
- to fulfil corporate governance requirements.

Underpinning these objectives, the Group has implemented the following actions:

- introduction of a comprehensive and systematic risk-assessment and reporting process across the organisation;
- creation of an environment where risks are controlled and mitigated within the accepted and approved Sibanye risk-tolerance levels;
- integration of the outputs of specialist risk functions to provide an informed view of the risks associated with the business activities;
- achieved appropriate risk-management awareness in business processes with emphasis on risk management instilled in all associated stakeholders;
- fostered a culture of continuous improvement in risk management by aiming to achieve best practice standards, supported by audit and review processes; and
- creation of an appropriate risk-financing programme based on the risk profiles developed in the assessment process.

## PROCESS AND SYSTEMS

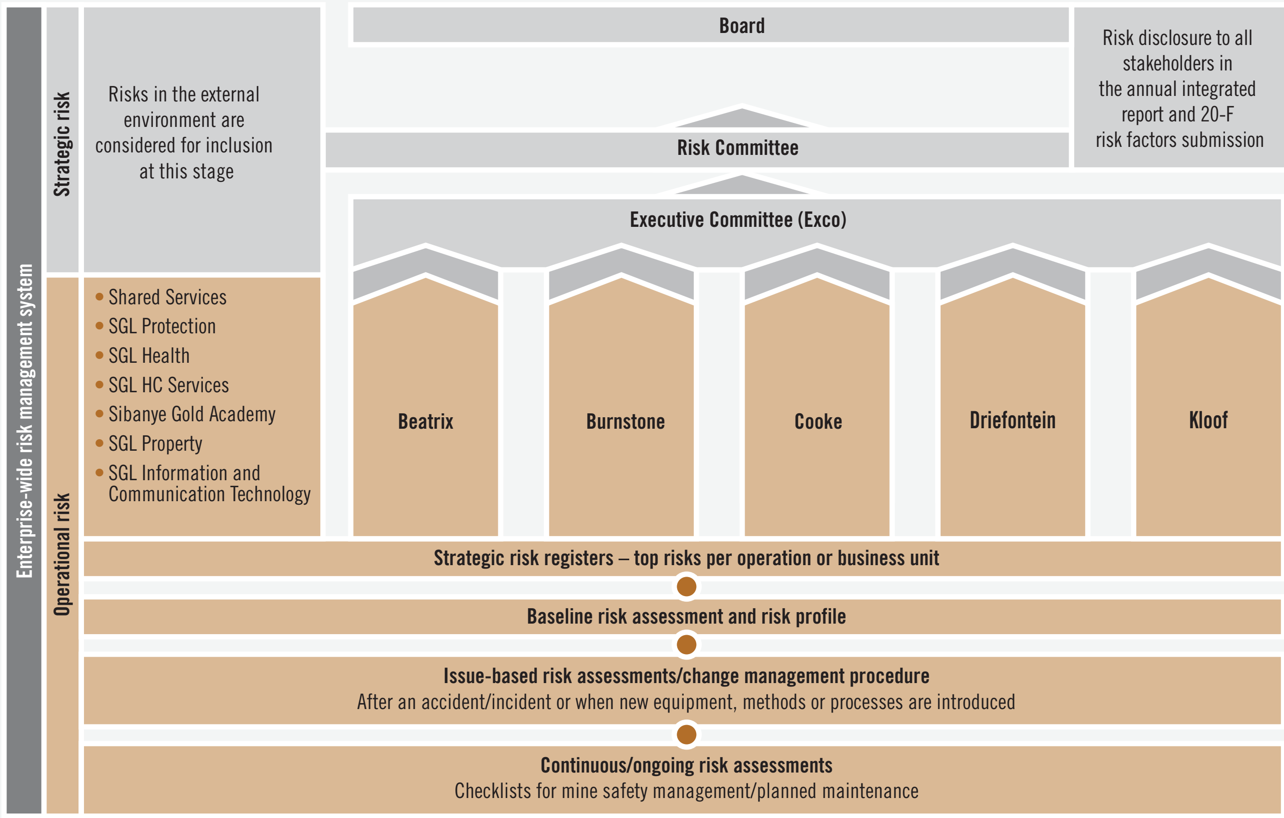
The strategic risk register maintained at corporate level is reviewed twice a year by the Risk Committee. In addition, the operations have a formal quarterly risk-review process, which follows a formalised responsibility structure and includes support services, engineering, health and safety and environmental staff – where the risk registers are discussed and updated. Should any additional risks be identified, plans to address them are implemented. At the operations, risk assessment is a daily activity and work areas are assessed daily in terms of their compliance with the requirements.

At corporate level, the risk owner is represented on the Executive Committee (Exco). Responsibility for mitigating risks is given to representatives of relevant departments. Emphasis is placed on the business taking ownership of risk.

The Internal Audit Department is responsible for conducting annual audits on mitigation actions, and reports four times annually to the Audit Committee.

**"Our Board is responsible for risk governance and sets the tone for overseeing the entire risk-management process. In 2014, a Risk Committee was established** to increase the focus on risk management. This Risk Committee has been authorised to implement and ensure compliance with appropriate risk-management protocols and processes."

## RISK MANAGEMENT



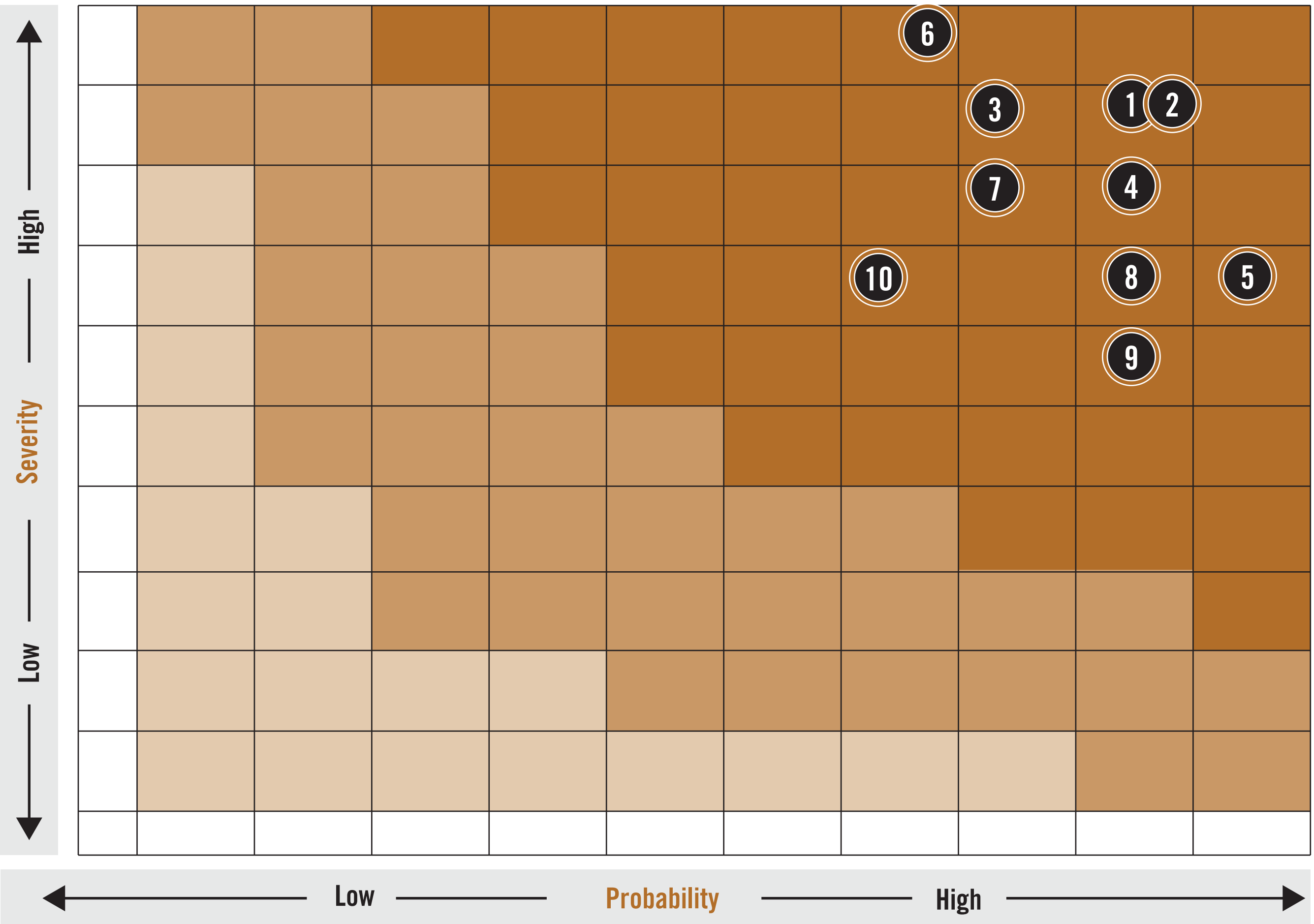

## COMBINED ASSURANCE

The combined assurance process is embedded within Sibanye's operations. The approach is based on the application of three levels.

| | | |
|---|---|---|
| **LEVEL 1:** **Management self-assurance** | Line management function | Primarily responsible for risk management, the process of assessing, evaluating and measuring risk is ongoing, and is integrated into the day-to-day activities of the business. This process includes implementing the risk-management framework, identifying issues and taking remedial action where required. Business-unit management is also responsible for reporting to the governance bodies within the Group. |
| **LEVEL 2:** **"Oversight" management (internal unbiased-person assurance)** | Oversight management functions appropriately independent of line management function | Assurance provided by employees within the Group, who are employed in oversight positions in Central Services and corporate departments. |
| **LEVEL 3:** **Internal audit function, external auditors or independent external parties (independent assurance)** | Internal audit function, external auditors or independent external parties | An independent assessment of the adequacy and effectiveness of the overall risk-management systems is provided. |

# MANAGING RISK, IDENTIFYING OPPORTUNITIES
CONTINUED

## STRATEGIC RISK MATRIX




**"The strategic risk matrix highlights, on a 10 by 10 scale, the severity and the probability of the inherent risk with 1 being low and 10 being high.**
It illustrates, at a glance, the possible impact of the risk."

| Risk | Mitigation |
|---|---|
| 1 **Labour relations/wage negotiations**<br>Sibanye's operations and profits may be adversely affected by disruptions arising from strikes and union activity, especially during the upcoming wage negotiations. | • Information gathering capability and contingency planning<br>• Contingency planning for safety and security of employees<br>• Contingency strike plan<br>• Create opportunities for employees to share in Group's profits through improved labour productivity<br>• Employee relations practices and policies<br>• Improved communications with workforce<br>• People at Sibanye model<br>• Update risk assessment and emergency procedure |
| 2 **Power constraints and cost increases**<br>Power stoppages, fluctuations and usage constraints may force Sibanye to halt or curtail operations, and increased power cost increases may adversely affect Sibanye's operational results. | • Focus on power saving target of 3% reduction in 2015<br>• Investigate own power generation project<br>• Monthly meetings with Eskom<br>• Quality-of-supply contract in place<br>• Reduce use of compressed air and water on all shafts<br>• Regular interaction between Eskom and management on maintenance plan |
| 3 **Failure to deliver on operational and financial plans**<br>Due to the nature of deep level gold mining and poor labour productivity, operational production targets may not be met, which will affect the profitability of Sibanye's operations and the cash flows generated by those operations. | • Improve rates of development<br>• Specific work arrangements<br>• Surface operations: ongoing mineral resource management evaluation |
| 4 **Profitability of Cooke operations**<br>To the extent that Sibanye seeks to expand through acquisitions, it may experience delays or other issues in executing acquisitions or managing and integrating the acquisitions with its existing operations. | • Business and strategy planning process<br>• Communication with internal stakeholders<br>• Cooke integration project<br>• Stakeholder engagement |
| 5 **Mine accidents and seismicity-related incidents**<br>Due to the nature of deep-level gold mining, industrial and seismicity accidents may result in operational disruptions, such as stoppages, which could result in increased production costs as well as financial and regulatory liabilities. | • Characterising the time distribution of seismicity to minimise exposure<br>• Engineering out risk initiatives<br>• Fall-of-ground initiatives and action plan<br>• Integrated focus on safety and health strategy |
| 6 **Non-delivery on the Minerals and Petroleum Resources Development Act, Mining Charter, and social and labour plans (SLPs)**<br>Sibanye's mineral rights are subject to legislation in terms the Minerals and Petroleum Resources Development Act, the Mining Charter, and social and labour plans. Non-delivery could result in loss of the mining licence and impose significant costs and burdens. | • Community and labour-sending areas strategy<br>• Development of transformation strategy<br>• Establishment of Securing our Social Licence to Operate committee<br>• Senior counsel opinions on black economic empowerment status<br>• Submission and implementation of Social and labour plans |
| 7 **Volatility in gold price and exchange rates**<br>Changes in the market price of gold, which can fluctuate widely, affect the profitability of Sibanye's operations and the cash flows generated by those operations. Because gold is generally sold in US dollars, while Sibanye's production costs are primarily in Rand, Sibanye's operating results and financial condition may be materially harmed if there is a material adverse change in the value of the Rand. | • Capital containment<br>• Continuous business re-engineering<br>• High-grade mining in low gold price scenario<br>• Low-cost operating strategy<br>• Section 189 of Labour Relations Act, 1995 (Act No 66 of 1995) (LRA) process for structural alignment |
| 8 **Erosion of All-in cost margins as a result of rising mining input costs**<br>Increases in the prices of production inputs may have a material adverse effect on Sibanye's operations and profits. Our business is subject to high fixed costs, which may impact its profitability. | • Cost reductions identified on ongoing basis<br>• Energy-conservation strategy and initiatives<br>• Procurement: aggressive supplier price negotiations<br>• Procurement: economies of scale |
| 9 **Theft of product, gold-bearing material explosives and copper, as well as illegal mining**<br>Theft of gold and production inputs, as well as illegal mining, occur on some of Sibanye's properties. These activities are difficult to control, can disrupt Sibanye's business and could expose Sibanye to liability. | • Illegal mining action plan<br>• Improved access controls<br>• Increased guarding complements at shafts<br>• Introduction of low-dosage X-ray scanners<br>• Secure Eskom substations |
| 10 **Aging infrastructure**<br>Due to aging infrastructure at our operations, unplanned breakdowns and stoppages may result in production delays, increased costs and industrial accidents. | • Capital expenditure linked to infrastructure risk assessment<br>• Maintenance risk register<br>• Regular shaft infrastructure maintenance management inspections<br>• Non-destructive testing of infrastructure<br>• Recovery plan to expedite shaft steelwork maintenance |

# ENGAGING WITH STAKEHOLDERS

**Stakeholder Engagement Policy:** www.sibanyegold.co.za/the-group/governance/executive-committee

**Key environmental stakeholders:** pages 118 to 119

Stakeholders are an integral part of our business and meeting stakeholder needs is critical to our sustainability.

We believe in proactive, open and constructive stakeholder engagement, which informs participative decision-making.

We aim to:

- strategically inculcate a culture of effective engagement within our organisation;
- develop and implement formal and informal systems of communication for the benefit of the Group and our stakeholders;
- ensure that we regularly engage on and respond to issues that are material to our stakeholders;
- accurately understand the influence of our business activities on stakeholders and the potential impact stakeholders may have on the business, whether positive or negative, to enhance the engagement process;
- ensure that we engage in a manner that is timely, accurate and relevant; and
- continuously monitor, review and improve our engagement activities.

## STAKEHOLDER ENGAGEMENT

| Promote the Sibanye brand | Build credibility and trust in Sibanye | Build a corporate culture for Sibanye by increasing awareness of our vision, mission, aims, objectives and values | Improve communications and engagement capability and capacity of staff across the organisation and ensure resources are used to maximum effect | Establish two-way internal communication across the Group | Provide high-quality, efficient and effective communication and engagement between Sibanye and our external stakeholders |
|---|---|---|---|---|---|
| Build brand awareness and legitimacy | Influence and work alongside stakeholders to deliver our vision | Employees are aligned with our purpose, vision and values and understand what is needed of them to make a meaningful contribution | Achievement of our vision hinges on every manager becoming a communicating leader | Checking that messages reach internal target audiences, and closing the loop to ensure that messages are understood and internalised | Influence and work alongside key stakeholders |
| Position and strengthen the brand among key stakeholders | Deliver on our promises | Employee engagement and achievement of organisational effectiveness | Build capability for leaders to communicate effectively with key staff | Providing opportunities for employee contribution | Consistent messaging to stakeholders |
| Achieve sustainable brand value | | | | | Ensure understanding of our contributions and impacts |

**"Stakeholders are an integral part of our business** and meeting stakeholder needs is critical to our sustainability"

| SIBANYE'S PRIMARY STAKEHOLDERS | | |
|---|---|---|
| **Local and provincial government** | • West Rand District Municipality<br>• Westonaria Local Municipality<br>• Merafong Local Municipality<br>• Matjhabeng Local Municipality<br>• Masilonyana Local Municipality | • Lejweleputswa District Municipality<br>• Gauteng Provincial Government<br>• Free State Provincial Government<br>• Dipaleseng Local Municipality<br>• Randfontein Local Municipality |
| **National government** | • Department of Mineral Resources (DMR)<br>• Department of Labour (DoL)<br>• Department of Education (DoE)<br>• Department of Higher Education<br>• Department of Environmental Affairs (DEA) | • Department of Water and Sanitation (DWS)<br>• Department of Health (DoH)<br>• Department of Rural Development and Land Reform<br>• Portfolio Committee on Mineral Resources<br>• National Treasury |
| **Non-governmental organisations** | • Wildlife and Environment Society of South Africa<br>• Earthlife Africa | • Federation for a Sustainable Environment<br>• Groundwork South Africa |
| **Forums/key institutions** | • Chamber of Mines of South Africa<br>• Suppliers/contractors<br>• West Rand District Mining Forum | • Merafong Community Mining Forum<br>• Far West Rand Dolomitic Water Association water users' forum |
| **Organised labour** | • Association of Mineworkers and Construction Union (AMCU)<br>• National Union of Mineworkers (NUM) | • Solidarity<br>• United Association of South Africa (UASA)<br>• Sibanye Group Leadership Forum |
| **Regulators** | • Department of Mineral Resources<br>• Department of Water and Sanitation<br>• Department of Environmental Affairs<br>• National Nuclear Regulator | • National Energy Regulator of South Africa<br>• JSE<br>• New York Stock Exchange/US Securities and Exchange Commission (SEC) |
| **Communities** | • Tin City<br>• Kokosi<br>• Theunissen<br>• Welkom<br>• Virginia<br>• Blybank<br>• Siyathemba | • Hillshaven<br>• Glenharvie<br>• Fochville<br>• Bekkersdal<br>• Simunye<br>• Randfontein<br>• Balfour |
| **Media** | • National media<br>• Regional and local media | • Specialist trade media<br>• Websites |
| **Other** | • Sibanye Board of Directors<br>• Employees<br>• Sibanye Executive Committee (Exco)<br>• Investors/Providers of capital (shareholders and banks) | • Retired employees<br>• Families of employees<br>• Mining units<br>• Board committees (Safety, Health and Sustainable Development, Social and Ethics, Audit and Risk) |

# MATERIAL ISSUES

**DETERMINING MATERIALITY**
In our 2013 report, we described the process we followed to identify our material issues for the business through:

- internal and external environmental scanning;
- scrutiny of our risk register;
- feedback from stakeholders; and
- assessment of management.

Following the publication of our 2013 report, we embarked on a process to define our report content and aspect boundaries, and in so doing confirmed our material issues.

The issues have not changed significantly since 2013, although we have chosen to represent them differently in three stages (below), namely:

- **Securing today's business:** those issues that are material to the Group and its stakeholders that determine our ability to operate today (short term).
- **Sustaining the business for tomorrow:** those issues that we need to work on today and in the near future so that we can sustain the business in the future (medium term).
- **Securing tomorrow's business:** those issues that we need to start addressing now so that our business can thrive and grow (long term).

These material issues are addressed throughout our report.

**SECURING TODAY'S BUSINESS**

- Safe, consistent production
- Eliminating injury
- Constructive labour relations
- Attracting, developing and retaining employees
- Legislative and regulatory compliance
- Managing power/electricity

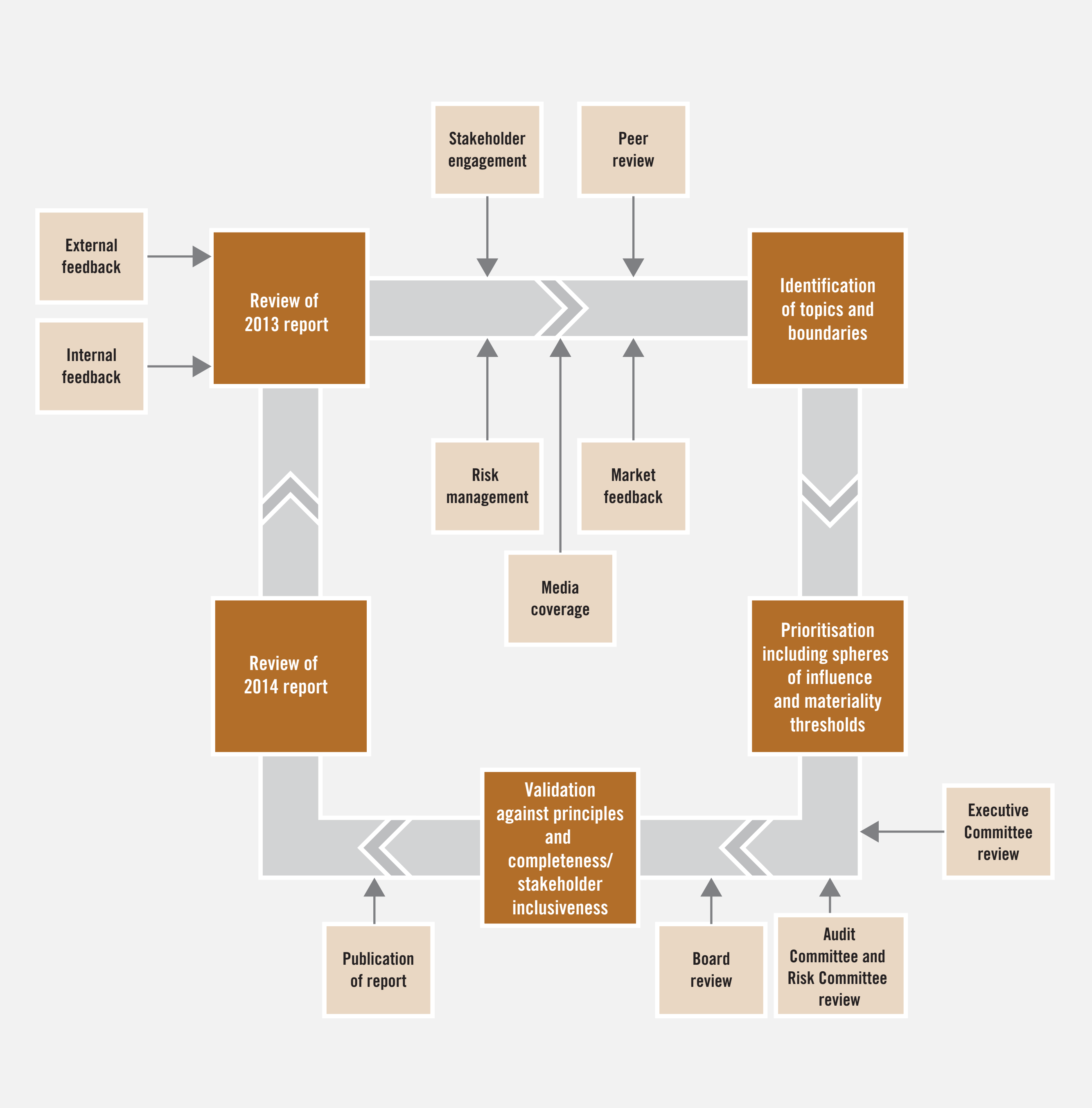
**SUSTAINING THE BUSINESS FOR TOMORROW**

- Optimising production and containing costs
- Improving productivity and employee well-being
- Effective stakeholder engagement
- Effective supply chain management
- Training and developing a skilled and loyal workforce
- Delivering on socio-economic development (SED) initiatives
- Securing alternative sources of power/electricity

**SECURING TOMORROW'S BUSINESS**

- Identifying and exploiting opportunities to sustain and grow the business
- Transformation of the business
- Seeking and achieving technological breakthroughs
- Sharing value with all stakeholders
- Securing alternative sources of power/electricity

## DEFINING OUR REPORT CONTENT AND MATERIAL ISSUES



# Business performance

"We provide insight into our resources and relationships in terms of the capitals: **financial, human, manufactured, intellectual, social and relationship, and natural"**

Kloof 7 shaft

## CONTENTS



# FINANCIAL CAPITAL

## HOW WE SEE IT?

**Financial capital includes the revenues we generate from the production and sale of gold in the global markets, the capital we raise through public or private equity or debt financing, and further development of our business through capital investment in new projects or operations.**

### GOLD PRODUCED AND SOLD IN 2014

In 2014, we produced 49,432kg (1.59Moz) – 2013: 44,474kg (1.43Moz) – of gold, generating gold sales revenue of R21.8 billion (2013: R19.3 billion).

The average gold price received was R440,615/kg, up 1% year on year from R434,663/kg in 2013, despite a 10% decline in the average dollar gold price received. The average R/US$ exchange rate was R10.82/US$ (2013: R9.60/US$), which is 13% weaker than it was in 2013.

Given the uncertain economic environment and volatile gold price, we continue to pursue a judicious approach to managing debt. During 2014,borrowings (excluding Burnstone Debt) remained unchanged at R2.0 billion.

**Black empowerment procurement:** page 48

**Material Stewardship and Supply Chain Management Policy:** www.sibanyegold.co.za/the-group/governance/executive-committee

**Manufactured Capital and Intellectual Capital:** page 74

**Section 189 restructuring process:** page 79

**REVENUE 2014**

**R21.8 billion**

**In this section, we address:**

1. SUSTAINING DIVIDENDS
2. PRODUCTION
3. COSTS

**Sibanye is a proudly South African mining group, which is leveraging its high-quality, cash-generative gold operations in South Africa in order to pay shareholders industry leading dividends and make value-accretive investments in order to sustain the dividends.**

What we mean…

- Our dividend policy is to pay between 25% and 35% of normalised earnings to shareholders in order to maintain an industry leading dividend yield.
- In order to sustain our cash flow and dividend, we endeavour to extend the operating life of the Group through appropriate, value-accretive consolidation and investment in new projects.
- We recognise the role of all stakeholders in ensuring the sustainability of our business. A successful, sustainable business will ensure optimal returns for all stakeholders, particularly in the South African context where employees, communities, government and society as a whole continue to rely heavily on the mining industry.
- We will focus on safe, efficient, quality mining and manage costs in order to realise full value from our high-quality, long-life assets.

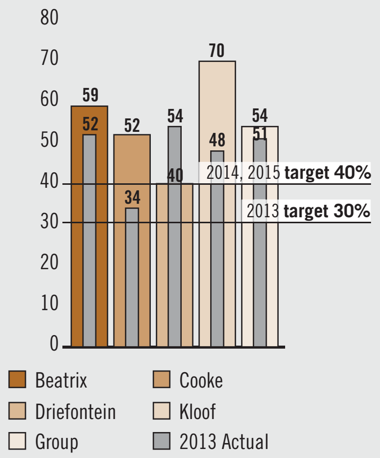
**Sibanye's share price: 31 December 2013 to December 2014 (South African cents)**

## PROCUREMENT EXPENDITURE

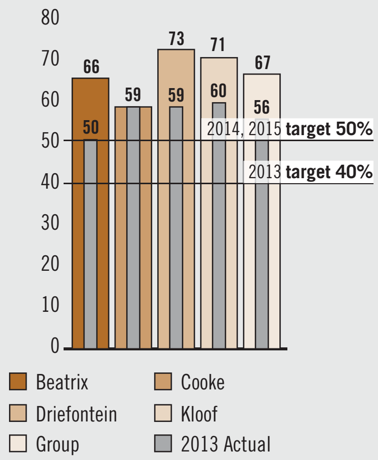
# R12 billion

Black economic empowerment suppliers: **R4.68 billion**

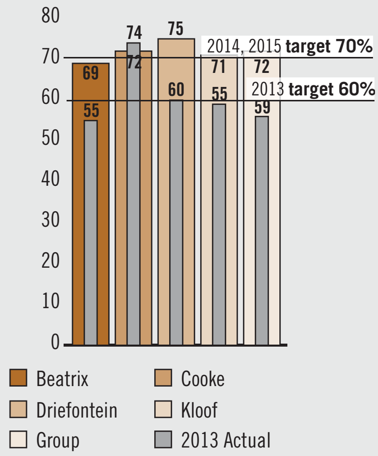
**BEE procurement: Capital goods as at 31 December 2014 (%)**




**BEE procurement: Consumable goods as at 31 December 2014 (%)**




**BEE procurement: Services as at 31 December 2014 (%)**




## GOLD DEMAND AND SUPPLY IN 2014

- Gold demand was **3,924t** – down 4% year-on-year from 4,088t
- Central bank purchases rose 17% year-on-year to **477t** (second highest in 50 years) from 409t
- Total bar and coin demand fell year-on-year to **1,064t** from record 1,765t
- Outflows from ETFs* dropped to **159t** from 880t year-on-year
- Annual jewellery demand fell 10% year-on-year to **2,153t** from 2,385t (5% above 2,053t five-year average)
- Technology demand at **389t** (11-year low) down 5% from 408t
- Total supply was static at **4,278t** – versus 4,273t in the previous period – record mine production of **3,114t** up 2% from 3,051t balanced by 11% fall in recycling to **1,122t** from 1,262t

*Source: World Gold Council*

** Exchange traded funds (ETFs) and similar products include Gold Bullion Securities (London), Gold Bullion Securities (Australia), SPDR® Gold Shares (formerly streetTRACKS Gold Shares), NewGold Gold Debentures, iShares Comex Gold Trust, ZKB Gold ETF, GOLDIST, ETF Securities Physical Gold, ETF Securities (Tokyo), ETF Securities (NYSE), XETRA-GOLD, Julius Baer Physical Gold, Central Fund of Canada and Central Gold Trust, Swiss Gold, iShares Gold Bullion Fund (formerly Claymore Gold Bullion ETF), Sprott Physical Gold Trust, ETF Securities Glitter, Mitsubishi Physical Gold ETF and iShares Gold CH.*

# FINANCIAL CAPITAL
CONTINUED

## GLOBAL GOLD MARKET

| Tonnes | 2014 | 2013 |
|---|---|---|
| **Supply** | | |
| Mine production | **3,114.4** | 3,050.7 |
| Net producer hedging | **42.1** | (39.3) |
| Total mine supply | **3,156.5** | 3,011.4 |
| Recycled gold | **1,121.7** | 1,262.0 |
| **Total supply** | **4,278.2** | **4,273.4** |
| **Demand** | | |
| **Fabrication** | | |
| Jewellery[1] | **2,152.9** | 2,384.6 |
| Technology | **389.0** | 408.2 |
| Sub-total above fabrication | **2,541.9** | 2,792.8 |
| Total bar and coin demand | **1,063.6** | 1,765.4 |
| ETFs and similar products[2] | **(159.1)** | (880.0) |
| Central bank net purchases[3] | **477.2** | 409.3 |
| Gold demand | **3,923.6** | 4,087.5 |
| OTC investment and stock flows[4] | **354.6** | 185.9 |
| **Total demand** | **4,278.2** | **4,273.4** |

*Source: World Gold Council*

*[1] Fabrication is the first transformation of gold bullion into a semi-finished or finished product. Jewellery consumption is equal to fabrication plus/minus jewellery imports/exports plus/minus stocking/de-stocking by distributors and manufacturers. On an annual basis, the consumption and fabrication data series will reconcile.*

*[2] Exchange traded funds (ETFs) and similar products include Gold Bullion Securities (London), Gold Bullion Securities (Australia), SPDR® Gold Shares (formerly streetTRACKS Gold Shares), NewGold Gold Debentures, iShares Comex Gold Trust, ZKB Gold ETF, GOLDIST, ETF Securities Physical Gold, ETF Securities (Tokyo), ETF Securities (NYSE), XETRA-GOLD, Julius Baer Physical Gold, Central Fund of Canada and Central Gold Trust, Swiss Gold, iShares Gold Bullion Fund (formerly Claymore Gold Bullion ETF), Sprott Physical Gold Trust, ETF Securities Glitter, Mitsubishi Physical Gold ETF and iShares Gold CH.*

*[3] Excluding any delta hedging of central bank options*

*[4] Partly a statistical residual, this data is largely reflective of demand in the opaque over-the-counter (OTC) market with an additional contribution occasionally from changes to fabrication inventories.*

## BLACK ECONOMIC EMPOWERMENT (BEE) PROCUREMENT

In compliance with the Minerals and Petroleum Resources Development Act and the associated Mining Charter, historically disadvantaged South African suppliers to Sibanye are accorded preferred-supplier status subject to their competitiveness, quality and BEE status.

The Mining Charter requires that mining companies procure at least 40% of their capital goods, 50% of their consumables and 70% of their services from BEE suppliers by 2014. All the targets were met at the Cooke, Driefontein and Kloof operations. Beatrix achieved target in terms of capital and consumables but not for services (69% was achieved in this category).

In creating an enabling environment for local entrepreneurs, Sibanye has developed and implemented an online registration system – the Sibanye Gold Vendor Portal – for all prospective suppliers.

The online system has been temporarily suspended to implement changes that would ease registration, particularly for local small, medium and micro enterprises. The system is due to go live at the end of March 2015. In the meantime, vendors are registered on a database managed by our Vendor Department. We have also appointed an external service provider to visit communities and help vendors to register.

Procurement expenditure by Sibanye amounted to R12 billion (2013: R9 billion) in 2014, of which R6.9 billion (2013: R5.1 billion) related to discretionary spend. Non-discretionary spend includes expenditure on parastatal entities, banks and government departments, among others. Of the discretionary spend during 2014, 67% (R4.68 billion) was spent with BEE suppliers – 56% (R2.9 billion) in 2013. This spend includes all operations and service departments. Non-discretionary spend refers to all areas where we cannot influence the shareholding of the entity, such as parastatals, financial institutions, training and education entities, and intercompany transfers. Discretionary (procurement) spend refers to all spend excluding non-discretionary spend.

## 1 SUSTAINING DIVIDENDS

Our focus on paying shareholders superior dividends, supported by an inclusive and firm approach to stakeholder relations, underpins and informs our corporate strategy and decisions.

Consistent with our commitment to prioritise dividends, a dividend of 112 South African cents per share (2013: 112) was declared for 2014 – a yield of 3.7% at 18 February 2015.

The dividend was equivalent to 44% of normalised earnings, based on the total number of shares in issue. The Board's decision to maximise the dividend was informed by the intention not to compromise shareholders whose holdings had been diluted by the new shares issued as consideration for the acquisition of the Cooke operations, and which had only contributed to operating and financial results for seven months.

With regard to organic project opportunities, management focuses primarily on opportunities that will extend life-of-mine (LoM) plans in order to sustain the dividend and meet specific investment hurdle rates. To ensure delivery on this aspect of the business and to avoid distracting core production personnel at the operations, a dedicated project team was appointed in 2014 to evaluate, rank and progress organic projects. In addition, a business development function was created to assess external growth opportunities, which may meet the required minimum investment criteria.

Organic projects and external growth opportunities are evaluated using several criteria with strategic, technical and financial parameters, including investment hurdle rates that vary between 15% and 30% (real rates in South African Rands) depending on the level of project confidence.

The following key criteria have guided corporate decisions on project funding to ensure that dividends are not compromised:

- Projects will be funded primarily from cash flow after dividends. Alternative funding options may be considered where appropriate.
- Strict filters are applied to organic projects, including assessing each project for risk, returns and the impact of financing on returns.
- Acquisitions must be earnings-accretive with medium-term potential to support the core dividend strategy.
- We will pursue value opportunities in other similar mining sectors as long as these opportunities are consistent with our underlying benchmark dividend strategy.

Consistent with the strategy to extend the operating life of the business to ensure the sustainability of the dividend, the acquisitions of Cooke, Wits Gold and Sibanye Gold Eastern Operations Proprietary Limited (SGEO), previously Southgold Exploration Proprietary Limited, the sole owner of the Burnstone gold mine (Burnstone) was exercised.

Capital expenditure in 2015 is planned to increase by 10% to R3.6 billion, largely due to an increase in expenditure on projects to extend the operating lives of the mines and on projects such as Burnstone.

## 2 PRODUCTION

Gold production for the year ended 31 December 2014 was in line with guidance at 49,432kg (1.59Moz). This is despite a loss of over 500kg due to an underground fire at Driefontein early in the year and loading shedding by Eskom in the latter half of the December quarter.

The Kloof, Driefontein and Beatrix operations produced 45,127kg (1.45Moz) of gold for the year, which was just over 1% higher than in 2013. Cooke contributed 4,305kg (138,400oz) during the seven months of incorporation into Sibanye with the build-up progressing more slowly than anticipated. This underperformance occurred primarily at Cooke 4 shaft, and led to a Section 189 restructuring process, which has been completed successfully.

Uranium production from Cooke continued uninterrupted from May 2014, resulting in a stockpile of approximately 180,000lb at year-end. Uranium production costs averaged approximately US$24/lb.

Gold production guidance for the year ending 31 December 2015 is forecast to be between 50,000kg and 52,000kg (1.61Moz and 1.67Moz). Approximately 250,000lb of by-product uranium production is forecast.

## 3 COSTS

Total cash cost for the year of R295,246/kg (US$849/oz) was in line with guidance and with annual increases maintained below historical mining inflation rates. All-in cost range of R375,854/kg (US$1,080/oz). The forecast assumed an average exchange rate of R10.60/US$ while the actual average exchange rate for 2014 was R10.82/US$.

Capital expenditure of R3.3 billion was marginally lower than the guidance of R3.4 billion, mainly due to the deferral of non-core projects to manage cash flows, mostly offset by unbudgeted project expenditure at Burnstone and in ore reserve development (ORD).

For the year ending 31 December 2015, total cash cost is forecast at between R305,000/kg (US$850/oz) and R315,000/kg (US$875/oz). All-in sustaining cost is forecast at between R380,000/kg (US1,055oz) and R395,000/kg (US$1,100/oz), with All-in cost forecast at between R385,000/kg (US$1,070/oz) and R400,000/kg (US$1,110/oz). Dollar estimates for 2015 are based on an average annual exchange rate of R11.20/US$.

**"Our focus on paying shareholders superior dividends, supported by** an inclusive and firm approach to stakeholder relations, underpins and informs our corporate strategy and decisions"

# HUMAN CAPITAL

**HOW WE SEE IT?**

**For Sibanye, human capital refers to its employees and their health and well-being, knowledge, skills, ability to innovate, motivation and capacity for relationships within the Group.**

## OUR CARE VALUES

The **roots** of our business are in our CARE culture and our values which provide a solid base for our business while the **trunk** of our tree is our material strength that holds Sibanye together (our intellectual capital and the support provided by our employees in upholding our operating model and business strategy), which is underpinned by the fundamentals of safety, health and well-being, costs, grade and volume. **The leaves on the branches** represent our stakeholders. **The seeds and fruits** represent the benefits that our success brings to all stakeholders. Our tree is inspired by the indigenous South African Umdoni *(Syzygium cordatum)* which produces edible fruit and durable wood.


**Human Rights, Security, Health and Safety policies, and Code of Ethics:** www.sibanyegold.co.za/the-group/governance/executive-committee

**Employees' origins:** page 56

**Section 189 process:** page 79

**Human Capital Development Model:** page 69

**Case studies:** http://reports.sibanyegold.co.za/2014/#case-studies

**Safety health and well-being strategy:** page 58

**We remember the people we lost in 2014 on** page 59

**100-day process:** pages 76

**Sale of hospitals:** page 62

**Litigation:** page 151

**Investment in projects and growth:** page 77

**Affordable home ownership scheme:** page 71


**In this section, we address:**

1. EMPLOYMENT, EMPLOYEE RELATIONS AND HUMAN RIGHTS
2. EMPLOYEE SAFETY, HEALTH AND WELL-BEING
3. HUMAN RESOURCES DEVELOPMENT
4. EMPLOYMENT EQUITY AND TRANSFORMATION
5. EMPLOYEE QUALITY OF LIFE

**It is Sibanye's objective to have motivated and competent employees so that we can achieve the Group's business and operational goals, and make a positive contribution to the quality of life of our employees.**

What we mean…

- Our CARE values (Commitment, Accountability, Respect and Enabling) support safe delivery, enable growth, underpin the business strategy, promote competitiveness and success, and are upheld by continuous communication, transformation, education and training.

**TOTAL NUMBER OF EMPLOYEES AT 31 DECEMBER 2014:**

# 44,411

2013: **36,274**

2012: **42,084**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Permanent | 39,232 | 33,773 | 38,109 |
| Contractors | 5,179 | 2,501 | 3,975 |

**Contractors**

| Male | Female |
|---|---|
| 4,766 | 413 |

**Age**

<30: **1,756**
30-50: **2,821**
>50: **602**

**Permanent**

| Male | Female |
|---|---|
| 35,453 | 3,779 |

**Age**

<30: **5,798**
30-50: **26,460**
>50: **6,974**

## HUMAN CAPITAL DEVELOPMENT MODEL

### KEY PRINCIPLES

- Training requirements are based on business needs
- Training and development focus is on our employees and the communities we impact upon (direct and labour-sending areas)
- Training interventions are advertised within the organisation, within communities (local and labour-sending areas), and at learning institutions
- Where business needs are lower than the target, communities are afforded training and development opportunities
- Adult basic education and training (ABET) and other portable skills – focus is on increasing our literacy profile
  - Employees are empowered with choice (employees aged 40-50+ who do not want to take part in ABET may opt for portable skills training)
  - Emphasis is placed on community ABET and portable skills training
  - We encourage our employees to improve their skills sets through our learning interventions

### MENTORING

**ABET**

- Learnerships
- Literacy profile improvement

**STUDY ASSISTANCE**

- Internships

**PORTABLE SKILLS**

- Life after mine
- Local economic development (LED) projects

**CORE MINING SKILLS AND LEADERSHIP DEVELOPMENT**

- Career and competency requirements

### COACHING

# HUMAN CAPITAL
CONTINUED

## 1 EMPLOYMENT, EMPLOYEE RELATIONS AND HUMAN RIGHTS

Sibanye's corporate culture is founded on our CARE values (commitment, accountability, respect and enabling), which support our business strategy, and promote competitiveness and success.

Our CARE values are embedded within our business through continuous communication, transformation, education and training. To uphold our values, we have adopted a safety, health and well-being strategy supported by five key pillars:

- Compliance rules are in place and these need to be followed.
- Risks that are present in our workplaces and work processes must be identified and engineered out. We must work smarter.
- Employee well-being is critical to our success.
- Staying fit and healthy is a joint responsibility.
- Relationships are important and should be based on mutual respect. Managers and employees need to share goals and engage. Teamwork underpins our success. We seek motivated and competent teams.

### NEW WAY OF COMMUNICATING

To convey our CARE values to all employees in a commonly understood language, we are in the process of introducing our "New Way of Communication".

The aim of this intervention is to eradicate the use of Fanagalo (the Zulu-based pidgin language mixed with English and Afrikaans, meaning "do it like this", traditionally used to communicate instructions on South African mines) and replace it with the languages identified by Wits Language School (part of the Faculty of Humanities at the University of the Witwatersrand in Johannesburg, South Africa).

We believe that this will enable safer mining with a well-trained, motivated and stable workforce communicating effectively to further embed our CARE culture.

The New Way of Communication involves ongoing training as the language policy is rolled out across the Group.

Employees will receive dictionaries, training manuals, audio discs and DVDs, which will be available on the Sibanye intranet.

At the end of 2014, e-learning resources were provided (by electronic means via the Group's intranet) to support self-learning by D Band and above (middle management) employees while recognition of prior learning in isiZulu and Sesotho were provided to C Band, D Band and below (supervisory) employees.

**Employees at year end**

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | Permanent employees | Contractors | Total | Permanent employees | Contractors | Total |
| Corporate office* | 2,895 | 897 | 3,792 | 248 | – | 248 |
| Beatrix | 7,444 | 806 | 8,250 | 7,963 | 565 | 8,528 |
| Cooke | 5,570 | 2,051 | 7,621 | – | – | – |
| Driefontein | 10,425 | 672 | 11,097 | 11,860 | 775 | 12,635 |
| Kloof | 9,791 | 695 | 10,486 | 10,469 | 766 | 11,235 |
| Other | 3,107 | 58 | 3,165 | 3,628 | – | 3,628 |
| **Total** | **39,232** | **5,179** | **44,411** | **34,168** | **2,106** | **36,274** |

* *The higher number of employees at corporate office in 2014 is due to the inclusion of all operational central services and the assay laboratory.*

Sibanye employed a total of 44,411 (2013: 36,274) people 39,268 full-time permanent (2013:33,773) and 5,179 full-time contractors (2013: 2,501) in 2014. The net increase in employees at Cooke led to an additional 5,570 permanent employees and 2,051 contractors being integrated into the Group.

- In terms of Section 197(6) of the Labour Relations Act, the Group reached agreement with stakeholders to terminate the services of employees employed at the Leslie Williams Memorial and St Helena Private hospitals with effect from 1 July 2014 due to the sale of these assets to African Healthcare Proprietary Limited. In this regard, 249 positions were terminated and the majority of these employees were re-employed by African Healthcare.
- On 12 September 2014, the Group issued Section 189(3) notices to Ezulwini Mining Company Proprietary Limited (Ezulwini or Cooke 4), Rand Uranium (Cooke 1, 2 and 3), Sibanye Gold Limited and Sibanye Gold Protection Services Proprietary Limited due to the dire financial circumstances experienced by Cooke 4 with the possibility of placing the mine on care and maintenance or closing it. Some 1,776 jobs were in jeopardy. During the consultation period, the parties managed to reach agreement on a number of avoidance measures so that no employees were ultimately retrenched.

Changes made to Cooke management structures included one Vice President and general manager terminating their employment, and Cooke 4 being consolidated under the existing Vice President structure.

A total of 80,593 man days were lost to absenteeism without permission and unresolved absences in 2014 – this excludes sick, annual and accident leave shifts.

Minimum notice periods in respect of operational changes are prescribed by legislation. Committed to fair and progressive employment practices, we provide long-term employment opportunities with scope for growth and development of potential in all employees. As people are the mainstay of Sibanye, it is essential that we invest in them to grow the business and ensure its sustainability. By recognising their expertise, skills and talents, we can also run the business more efficiently and cost-effectively.

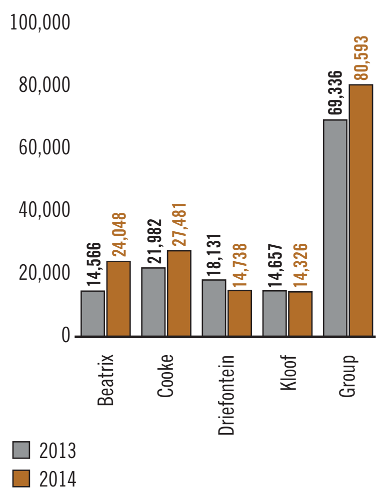
We also provide training for community members who are not employed by Sibanye – as prospective employees are sourced from these areas adjacent to our operations. Human capital development within these communities is part of our role and obligation in respect of socio-economic development.

Sibanye also provides employees with training in policies and procedures regarding aspects of human rights as part of the Group's return-from-leave and new-engagement training process. A clear and fair system is in place to deal with discrimination and human-rights breaches.

Our employment practices and policies are further governed by legislation and regulations that have evolved in South Africa's labour-relations environment and transformation landscape. These include the Labour Relations Act, the Mine Health and Safety Act, the Employment Equity Act, the Skills Development Act, 1998 (Act No 97 of 1998) and Skills Development Levies Act, 1999 (Act No 9 of 1999), the Minerals and Petroleum Resources Development Act, and collective-bargaining and recognition agreements with organised labour.

As far as possible, we seek to employ locals within 50km around local communities at our operations. As at the end of 2014, 31% (2013: 25%) of our employees could be defined as local (drawn from within the province of operation). A large percentage of employees with core skills, experience and many years of loyal service are also drawn from other provinces in South Africa and neighbouring countries (labour-sending areas), within the Southern African Development Community (SADC). A total of 11,311 or 29% (2013: 8,443 or 25%) in 2014 of our employees come from SADC countries. Including contractors, our total labour force comprises 4,192 or 9.4% (2013: 2,845 or 8.4%) female employees.

**Lost days due to absenteeism***




** Lost days due to absenteeism equals man days lost*

# HUMAN CAPITAL
CONTINUED

## WHAT DOES A SIBANYE EMPLOYEE EARN?

Wages and employee benefits paid to employees by Sibanye amounted to R6,665 million (2013: R6,156 million).

Employees in the gold mining sector – working in underground and surface operations – are among the best paid of South Africa's industrial workers. Not only are their basic wages higher than those of comparably skilled workers in other industries but a number of additional benefits are included in the overall costs of employment (cost-to-company).

Basic wages and packages vary widely, depending on the skills, responsibility, years of service and accountability each employee brings to the job, and the relative scarcity of available skills. Although basic wages may vary slightly from mine to mine, reflecting the ability of each mine to pay, many cash benefits are common across the entire industry.

The Chamber of Mines has estimated that, on average, South African workers in formal and informal employment earn in the region of R3,000 a month – wages that may rarely be augmented by other cash and non-cash benefits.

Relatively skilled workers in the construction and manufacturing sectors might be able to count on remuneration packages of R5,000 to R6,000 a month.

Since the latest wage increases were implemented in July 2014, the lowest paid entry-level underground gold mine worker has been receiving, on average, a basic cash wage of around R5,700 per month. The increase effective on 1 July 2014, in the second year of implementing the 2013-2015 agreement, applies to employees in the industry's Category 4 employment band, who constitute relatively unskilled workers in the widely used Paterson Job Grading System.

Basic wages are augmented by agreed cash and other non-cash benefits that boost an individual Category 4 employee's fixed monthly cost-to-company to more than R9,900 per month. On top of this fixed cost-to-company, variable benefits, such as profit share, bonuses and overtime pay can potentially lift the value of the lowest-paid underground employee's salary and benefits package to as much as R12,570 per month.

As part of the benefits, employees in the bargaining unit receive a monthly amount for housing and food that equates to R2,000.

Another fixed monthly company-funded benefit accorded employees is a free medical benefit to the value of R980 per month.

It is at the bottom of the industry pay scale that remuneration is most closely comparable from mine to mine. Further up the scale, differentials can appear. As employees acquire more skills and move up through the job categories towards higher basic wages, the fixed monthly payments become a smaller percentage of the remuneration package. There are also special payments for scarce skills, such as rock drill operators, that can vary from mine to mine. At the upper ends of the scale, skilled artisans can earn monthly pre-tax packages of over R30,000 before bonuses and overtime.

Employee costs comprised around 47% (2013: 51%) of total operating costs.

Benefits provided to full-time employees of Sibanye include:

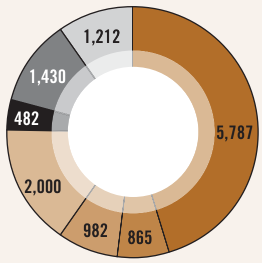
- membership of pension or provident funds;
- housing and living out allowances;
- access to medical care;
- annual, sick and family responsibility leave;
- performance bonuses and profit share schemes;
- annual service increments;
- life and disability cover;
- study assistance; and
- maternity and paternity leave.

**Typical breakdown of guaranteed pay in the gold mining industry with effect from 1 July 2014 (R)**

| | Entry level (Category 4 employees) | Rock drill operators | Category 8 employees |
|---|---|---|---|
| Basic monthly wage | 5,787 | 7,424 | 9,102 |
| Employer provident fund contribution | 865 | 1,110 | 1,361 |
| Medical benefit | 982 | 982 | 982 |
| Housing benefit/allowance | 2,000 | 2,000 | 2,000 |
| Holiday leave allowance | 482 | 619 | 758 |
| Average overtime | 1,430 | 1,056 | 2,079 |
| Average bonus | 1,212 | 2,074 | 847 |
| Total monthly average (underground employee) | 12,578 | 15,085 | 16,949 |
| Annual (underground employee)* | 150,936 | 182,000 | 203,388 |

** Applies to all gold mining operations except where agreements to the contrary have been concluded by organised labour*

**Salary and benefits of an entry level underground employee in the South African gold mining industry (R)**




- Basic monthly wage
- Employer provident fund contribution
- Medical benefit
- Housing benefit
- Holiday leave allowance
- Average overtime
- Average bonus

*These figures do not represent total cost-to-company as it excludes Unemployment Insurance Fund, Occupational Injuries and Diseases Act, 1993 (Act No 130 of 1993) and the levy per shift worked in respect of Occupational Diseases in Mines and Works Act, 1973 (Act No 78 of 1973)*

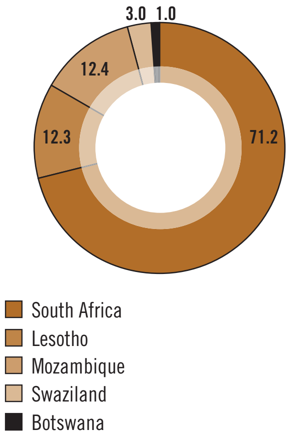
| Low basic monthly minimum wages in non-mining industries (R) | |
|---|---|
| Steel and engineering | 4,912 |
| Motor | 3,089 |
| Road and freight | 4,007 |
| Civil engineering | 3,994 |
| Chemical | 4,992 |
| Construction | 1,516 |

*Source: www.thisisgold.co.za*

## "Employees in the gold mining sector are among the best paid of South Africa's industrial workers"

# HUMAN CAPITAL
CONTINUED

Employee origin by country as at 31 December 2014 (%)




## EMPLOYEE RELATIONS

The mining sector is highly unionised and Sibanye is no exception. At the end of 2014, around 86% (2013: 89%) of Sibanye's total permanent workforce was unionised. We have three discrete bargaining units (graded in line with the Paterson job grading system), namely Category 4 to 8 employees (various unskilled and semi-skilled employees), Category 9 employees (miners and artisans) and Category 10 employees (officials).

We are guided in our practices by the Labour Relations Act. To gain organisational rights, a union must be registered with the Department of Labour (DoL), and represent at least 35% of employees within a particular bargaining unit. Organisational rights give the union:

- access to the workplace, allowing qualifying unions to recruit members and host meetings on mine property outside of working hours;
- access to payroll deduction facilities;
- the opportunity to elect employee representatives for internal disciplinary processes; and
- paid leave for representatives to allow them to carry out union-related duties.

Once a registered union reaches a representation threshold within a bargaining unit (which differs at each operation), it is recognised by Sibanye, and thus receives the right to bargain for that particular employee category and various other organisational rights.

Currently, four unions are recognised at Sibanye: the National Union of Mineworkers (NUM), Solidarity, the United Association of South Africa (UASA) and the Association of Mineworkers and Construction Union (AMCU).

There is extensive engagement between management and unions on shaft, mine and company level about many issues. We participate in centralised negotiations on wages and conditions of employment. Negotiations are led by the Chamber of Mines (representing the major gold mining employers) and recognised trade unions (representing their members).

## HUMAN RIGHTS

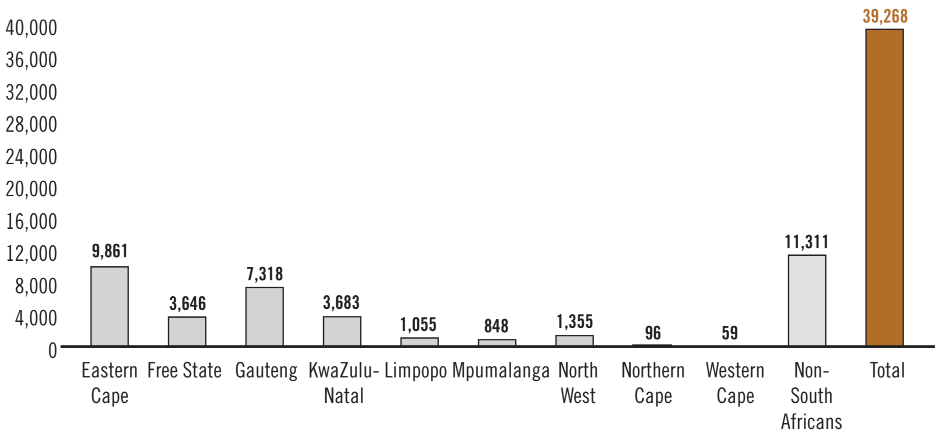
We uphold the basic rights enshrined in the South African Constitution and ensure fair employment practices at all our operations. As a signatory to the United Nations Global Compact (UNGC), Sibanye upholds the 10 United Nations Global Compact principles in the areas of human rights, labour, the environment and anti-corruption. Sibanye joined the United Nations Global Compact in September 2013. The Group submitted its first Communication on Progress report in 2014.

Union representation as at 31 December 2014 (%)*

| Category | AMCU | NUM | UASA | Solidarity | Non-unionised |
|---|---|---|---|---|---|
| Senior officials | 0.41 | 8.38 | 25.68 | 11.49 | 54.05 |
| Officials | 5.52 | 50.31 | 17.43 | 10.48 | 16.25 |
| Miners/artisans | 13.69 | 42.75 | 10.26 | 15.80 | 17.50 |
| Category 4-8 (unskilled and semi-skilled) | 33.95 | 52.42 | 0.61 | 0.05 | 12.98 |
| **Total** | **28.71** | **50.60** | **3.63** | **2.59** | **14.46** |

* *According to Sibanye payroll deduction statistics*

Employee origin by South African region as at 31 December 2014

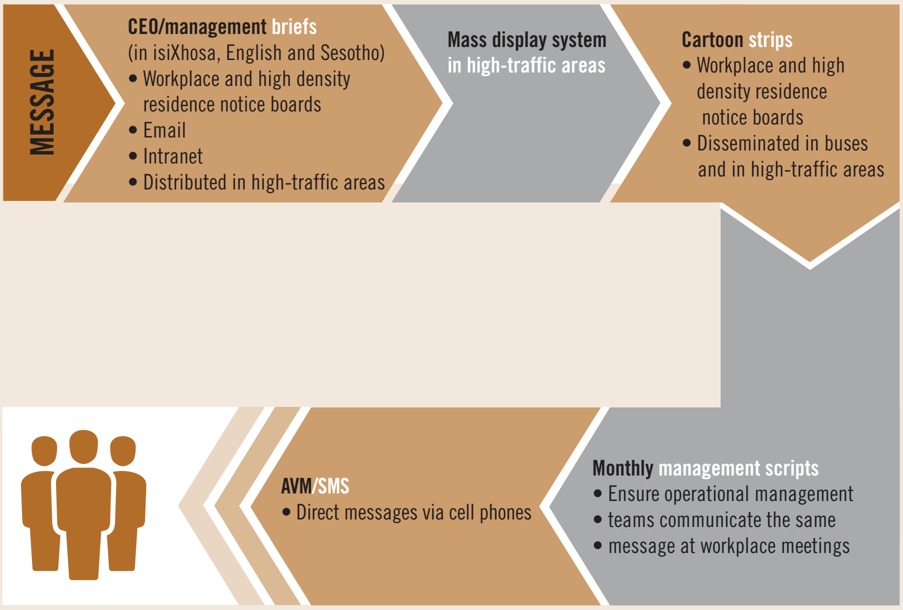


## INTEGRATED COMMUNICATION STRATEGY

The objectives of our integrated communication strategy are to:

- facilitate engendering an organisational culture that is conducive to the sustainable delivery of the business strategy;
- build the Group profile and manage the Group's reputation internally and externally;
- build trust in and affinity with Sibanye through regular and transparent communication (sharing consistent and reliable information); and
- create capacity and empower management to communicate effectively with stakeholders in order to ensure alignment within the Group.

Our integrated communication strategy ensures that the same message, customised for different audiences and channels, is disseminated throughout the Group, based on our CARE culture, visibility supported by Executive Committee.




## SECURITY

Sibanye aims to train all security personnel in human rights policies and procedures. A training service provider was not secured in 2014 but training of security employees has been included in the Workplace Skills Plan (WSP) for 2015. The WSP is a strategic training document, published annually, which articulates an employer's approach to training and development needs in the workplace. It is governed by the Skills Development Act and the Labour Relations Act, compiled jointly by the employer, employee representatives and non-unionised employees. All significant investment agreements and contracts that include human rights clauses were screened in 2014.

We are particularly proud of our constructive employee engagement, and regular and ongoing communication with employees, which aims to uphold human rights and fair employment practices.

We also provide training when employees return from leave.

To this end, we abide by our Code of Ethics and values, which specify our position with regard to upholding human rights and respecting all cultures and customs. Our human capital policies also address the risks related to corruption, child labour or forced labour at any of our operations or among our suppliers, employment equity and employee relations, including discipline and recognition.

A total of 18 (2013: 21) incidents relating to corruption were reported in 2014. These incidents involved fraud with the purpose of obtaining cash and assistance of illegal miners.

A total of six (2013: 32) employees were charged – two were charged criminally and disciplined in terms of Sibanye's Code of Ethics and four were disciplined in terms of the procedures in the Code of Ethics.

# HUMAN CAPITAL
CONTINUED

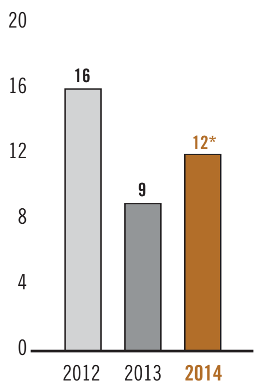
## 2 EMPLOYEE SAFETY, HEALTH AND WELL-BEING

Sibanye's safety, health and well-being strategy was reviewed at the beginning of 2014, and subsequently rolled-out across the Group.

We aim for zero harm and, to achieve this, we focus on compliance and engineering out risk. This systematic reduction of our employees' exposure to risk in the work environment is achieved by identifying and ranking risks, and then identifying technical and procedural engineering solutions in terms of a risk mitigation hierarchy to eliminate the risk completely, control the risk at source, minimise the risk, provide personal protective equipment (PPE) and monitor risk exposure.

We believe that all accidents are preventable and aim to achieve continuous safety improvement by aligning our beliefs and behaviours with our CARE values, including the goal of zero harm.

**Fatalities**




* Includes Cooke from March 2014 up to 31 December 2014


### SAFETY PERFORMANCE

It is with deep regret that Sibanye reports the death of 12 employees during the year under review (nine fatalities in 2013). The Board and management extend their deepest sympathies to the families, friends and colleagues of the deceased.

Senior management intervenes immediately after an incident and a dedicated CEO-led team provides guidance and assistance in order to address the issues that led to each fatality.

Every fatality is one too many, so it is displeasing to report an increase – of some 33% – in the fatal injury frequency rate (FIFR) to 0.12 per million hours worked (2013: 0.10).

In 2014, the lost time injury frequency rate (LTIFR) was 5.87 per million hours worked (2013: 6.13). The serious injury frequency rate (SIFR) was 3.88 per million hours worked (2013: 3.50).

The medically treated injury frequency rate (MTIFR) for 2014 was 3.37 per million hours worked (2013: 4.32).

The total number of recordable injuries was 905 (2013: 907) and the total recordable injury frequency rate (TRIFR) was 9.24 per million hours worked (2013: 10.45).

Sibanye defines injury in terms of three levels of severity: "treat and return" (T&R), lost day and serious injuries. The international practice of two further classifications of T&R injury type is not practised at most South African operations. All miners, regardless of severity of injury, must be seen by a medical practitioner – this is for reporting/insurance purposes so "minor injuries" are not excluded from safety statistics. All injuries less severe than a lost-day injury are classified as T&R.

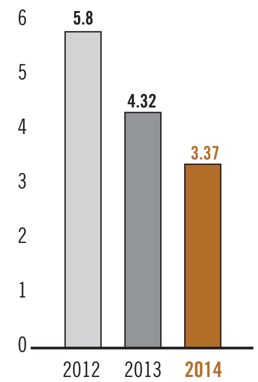
We were acknowledged for sustained safety improvements at the MineSafe Conference in August 2014 where Driefontein's mining unit 4 was awarded first place in the gold mining category.

### SAFETY STOPPAGES

A total of 82 (2013: 55) work stoppages were imposed as a result of Section 54 notices by the Department of Mineral Resources, and resulted in 99 (2013: 35) production days lost. A Section 54 notice refers to an instruction by the Department of Mineral Resourcesto cease all or part of mining activities if the Chief Inspector of Mines believes that an operation is unsafe.

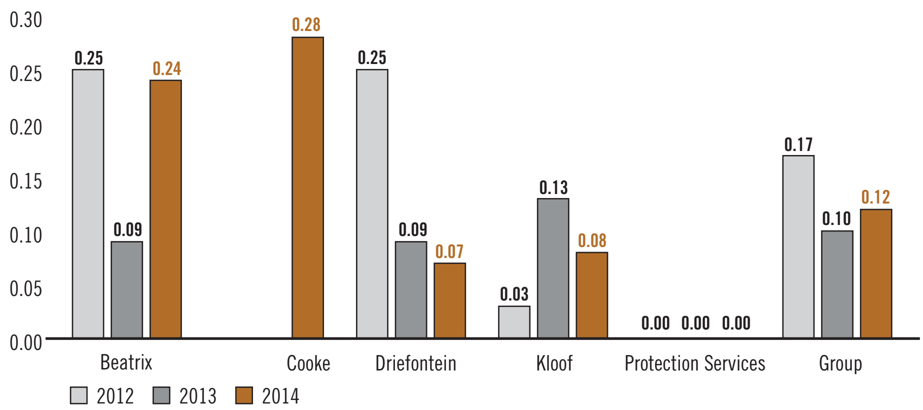
In addition, the Group initiated 7,776 (2013: 10,383) internal incident reports, which included safety stoppages. Incident reporting is promoted as part of the Group's safety risk management strategy. In addition, attention is given to near- miss incidents in order to reduce the likelihood of the occurrence of more serious incidents.

**Medically treated injury frequency rate (per million hours worked)**

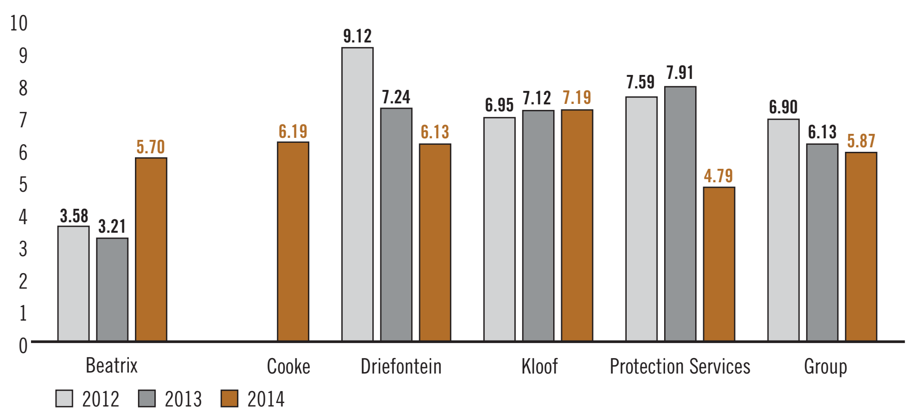


| In memoriam | | |
|---|---|---|
| 20 February 2014 | Mgcineni Mbuzeni Ntuli | Driefontein |
| 11 March 2014 | Simthembile Silila Breakfast | Cooke |
| 18 May 2014 | Narciso Jose | Kloof |
| 20 May 2014 | Moses Ngema | Driefontein |
| 19 June 2014 | John Henry Sloane | Kloof |
| 25 June 2014 | Tsui Ramonti | Beatrix |
| 9 July 2014 | Jerremiah Magagula | Beatrix |
| 17 July 2014 | Simon Kganti Magatla | Cooke |
| 21 July 2014 | Luthando Mswelanto | Beatrix |
| 22 September 2014 | Monyaka Maube Kolobe | Beatrix |
| 6 October 2014 | Sitoe Bernado Jorge | Cooke |
| 2 December 2014 | Ruan Chris Ferreira | Cooke |

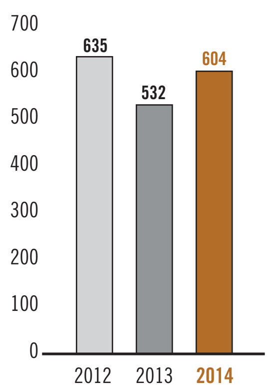
**Fatal injury frequency rate per operation (per million hours worked)**




**Lost time injury frequency rate per operation (per million hours worked)**

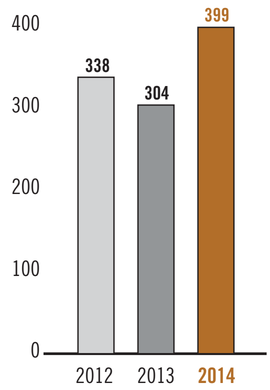



**Lost time injuries**



# HUMAN CAPITAL
CONTINUED

Serious injuries




## IMPROVING SAFETY THROUGH TECHNOLOGY

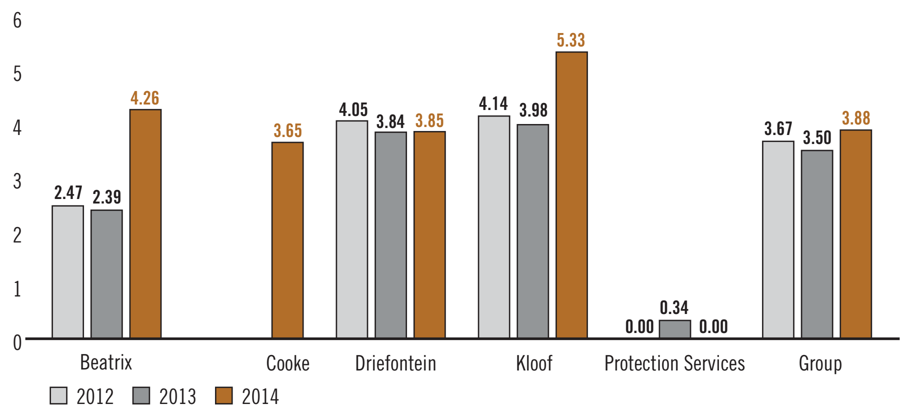
Having identified "safe technology" as a strategic imperative, we established a new operating structure in 2014, headed by Senior Vice President: Safe Technology, assisted by two project engineers. Our Safe Technology team capitalises on Sibanye's internal wealth of knowledge and experience in investigating, developing and driving innovation.

Since its inception in July 2014, the team established symbiotic relationships with counterparts in the industry, innovative developers and original equipment manufacturers (OEMs) to ensure that safety technology adds value.

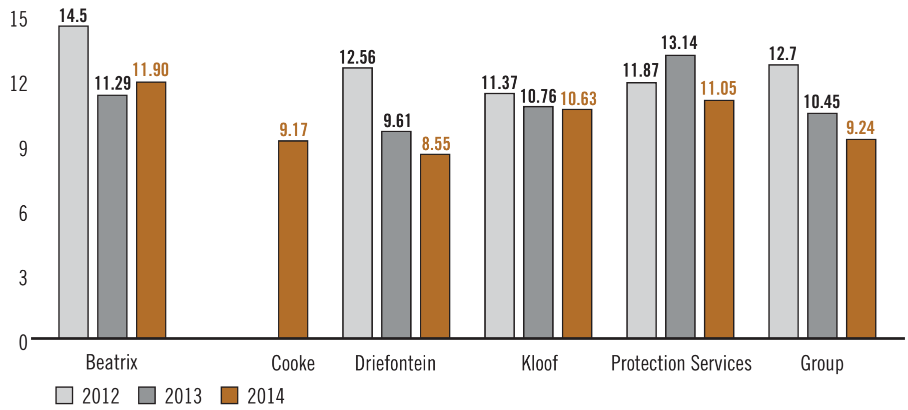
Safe Technology strategy also considers ways in which new technology can impact on LoM projections, orebody complexity, productivity profiles and cost pressures, as well as our growing portfolio of capital expansion projects in order to improve productivity. Refinements of the Safe Technology strategy are due to be completed in 2015.

The initial stages of our Safe Technology function comprised a comprehensive review of technologies used in the past, investigation into current industry-relevant technology development as well as establishing collaborative networks with OEMs, research institutions and other mining houses.

Serious injury frequency rate per operation (per million hours worked)




Total recordable injury frequency rate per operation (per million hours worked)



**IMPROVING SAFETY THROUGH TECHNOLOGY**

| | |
|---|---|
| **Developing** future state mining methods | • 24-7 mining<br>• In-stope mechanisms<br>• Non-explosive mining |
| **Safely enhancing** current mining practices | • Personnel locator system<br>• Merchanised pillar extraction<br>• Reefboring |
| **Capitalising** on legacy mining | • Mechanised vampings<br>• Ultra-fine sweeping |

## CREATING A SAFER WORKING ENVIRONMENT

The Safe Technology interim strategy is an outcome of a 100-day process carried out to identify the immediate operational needs of the business, and this has steered interventions towards improving the safety, efficiency and productivity of current mining processes with emphasis on reducing employee exposure to danger areas while increasing output and decreasing costs.

## PERSONNEL LOCATOR SYSTEM

The personnel locator is a small transmission and receiving device, which will be included in the battery packs of employees and can be activated from surface. The radio waves are transmitted from one locator to the next, forming a transmission web underground and the information is relayed to surface, thereby allowing management to obtain information about where a missing person may be without the need for expensive infrastructure being put in place underground.

## DIESEL PARTICULATE MATTER REDUCTION PROGRAMME

In line with the declaration of diesel particulate matter (DPM) as carcinogenic in 2012, by the International Agency for Research on Cancer, Sibanye's fleet of diesel-powered locomotives is due to be fitted with mechanisms that reduce employees' exposure to diesel particulate matter and other harmful emissions. Testing of a stainless steel mesh exhaust filter to capture exhaust soot and diesel particulate matter particles has been completed. Exhaust gas samples have been analysed and the report is due to be submitted in the first quarter of 2015. Financial impact analysis of the mesh filter is ongoing.

## CRUSH PILLAR EXTRACTION PROJECT

Significant progress has been made at the Cooke 1 shaft, which employs conventional methods to mine high-grade crush pillars. These methods, although proven and successful, are time-consuming in terms of site establishment and offer limited potential to increase production rates due to single-shift time blasting and face availability. To resolve this, Safe Technology has developed a non-explosive, remotely operated mining technique with readily available equipment and suitable support design, which could present a quantum leap in production rates and safety improvements by facilitating continuous mining and removing the operator from the danger zone.

## MECHANISED SWEEPING

Complementing the Cooke Crush Pillar Extraction Project, Safe Technology has designed a mechanised ultra-fines sweeping machine. Based on an adaptable platform, the machine is able to operate remotely, and extract ultra-fine material left in old workings, eliminating the need for employees in the danger zone. It is envisioned that the adaptable platform will be coupled with an array of interchangeable attachments, performing multiple operations from surveying to reconnaissance.

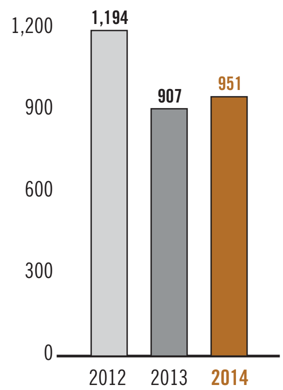
## 24-7 MINING MACHINE

Realising that a paradigm shift in hard-rock mining is required for the Group to remain competitive locally and globally, Safe Technology has begun a stope mechanisation programme aimed at enabling us to remove the operator from danger, reduce costs and paylimits, and enable non-explosive, continuous production.

## PROJECT GOLDFINGER

Project Goldfinger – pillar-and-stope mining – is set to begin at Driefontein 10 shaft (Thabelang) testing the reef-boring and mechanisation equipment developed in 2014. The site is being established and it is envisioned that the projects will produce their first ounces by the end of the second quarter of 2015. Following a successful reef-boring development programme, potential has been identified to unlock 2.4Moz in strike and dip pillars across the Kloof and Driefontein operations. This excludes strike and dip pillars in non-operational shafts. Both mining methods significantly reduce employee exposure to dangerous working areas.

**Total recordable injuries**



# HUMAN CAPITAL
CONTINUED

### PREVENTATIVE APPROACH TO HEALTH AND HEALTHCARE

Sibanye has adopted a preventative approach to health and healthcare as opposed to a curative role in order to ensure a healthier and more productive workforce. Preventative programmes are conducted to enable early detection of disease, timeous management and the provision of healthcare services closer to the operations at the primary healthcare centres and shafts.

We continue to provide all employees with a choice of medical insurance products, including access to an in-house restricted medical scheme (Sisonke Health Medical Scheme), open medical schemes (Umvuzo Health, Discovery Health and Bestmed Medical Scheme) and a comprehensive free medical benefit and services provided by Sibanye Gold Health for employees who do not elect a medical scheme. Employees who require medical insurance for dependants are required to elect a medical scheme option.

The new operational health model has been designed to improve accessibility to healthcare services and quality of care. Our priorities include the construction and refurbishment of shaft infrastructure, and shaft clinics identified as a priority have been put out to tender with a view to completion in 2015. Mining accidents are assessed at shaft level and are referred to an appropriate facility of definitive care, which includes referral to Level 1 trauma units in the greater Johannesburg area and Bloemfontein.

Our health model will be rolled out over three years focusing on optimisation, efficiencies and excellence. In 2015 and beyond, we will focus on improving the efficiencies of our model, financially and in terms of quality outcomes performance.

Our strategic objective is to create a healthy and productive workforce through early detection of disease, early intervention in disease processes, and stringent occupational health and safety application of the mandatory code of practice on minimum standards of fitness to perform work at a mine.

Leslie Williams Memorial Hospital in Carletonville and St Helena Hospital, in Welkom, as well as the nursing college and the emergency medical services, were sold to Africa Healthcare in 2014, which assumed management of these facilities on 1 July 2014.

The Carletonville One Stop Occupational Health Centre was officially opened by the Minister of Health at the end of April 2014. The one-stop service for mine workers and former mine workers is a collaborative initiative between the Department of Labour, Department of Health, Department of Mineral Resources and stakeholders to provide health, social and financial services. Since May 2014, 1,480 former mine employees have visited the Carletonville One Stop Occupational Health Centre and 337 claims have been sent to the Medical Bureau for Occupational Diseases (MBOD) for processing.

We recorded an increase in the total medical incapacity rate, up from 17.31 in 2013 to 21.36 in 2014 at all of our operations, including Cooke. We attribute this to the introduction of individualised care management: real-time, on-site case management of all medical interventions and reassessment of an employee's functional work capacity post illness or injury as required by a specific job for which an employee was employed.

The total death rate of employees in service for 2014 was 7.18 per 1,000 (2013: 9.46 per 1,000), which was below the national death rate of 10.21 per 1,000 in 2014 (2013: 10.67 per 1,000). This is encouraging as we strive to promote and maintain a healthy workforce. The total death rate includes all causes of death arising from mining accidents, motor vehicle accidents, medical conditions, assault and surgical conditions.

### ADDRESSING OCCUPATIONAL HEALTH

The most signification occupational diseases encountered at our operations are noise-induced hearing loss (NIHL), chronic obstructive airways disease (COAD), cardio-respiratory tuberculosis (CRTB) and silicosis. The most challenging public health concerns are HIV/Aids, tuberculosis (TB), hypertension and diabetes mellitus.

All employees undergo initial and annual medical surveillance, the scope and practice of which are aligned with legal requirements and regional health and safety risks aimed at prevention, early detection and treatment of occupational diseases.

In South Africa, all employees who suffer an occupational injury or illness are insured for medical expenses and compensation depending on the severity, as prescribed by the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No 130 of 1993) (COIDA) and the Occupational Diseases in Mines and Works Act.

**"Sibanye has adopted a preventative approach** to health and healthcare"

The statutory certificate of fitness and medical surveillance examinations are referred to in the table below.

**Medical surveillance and certificate of fitness**

| | Employees | Contractors | Total 2014 | Total 2013 |
|---|---|---|---|---|
| Initial examinations | 3,557 | 2,781 | **7,369** | **4,233** |
| Periodic examinations | 30,936 | 2,170 | **40,480** | **38,145** |
| Exit | 3,700 | 1,493 | **5,919** | **7,477** |
| Other | 21,697 | 1,511 | **27,520** | **24,117** |
| **Total** | **59,890** | **7,955** | **81,288** | **73,972** |

*Includes Cooke data from March 2014*

Employees are also offered quantitative, confidential health risk assessments, which relate to general health and lifestyle issues, such as hypertension, diabetes, HIV testing, cholesterol, diet and mental health. In 2014, 5,778 (2013: 1,022) health risk assessments were performed in addition to the statutory certificate of fitness. Where necessary, participating employees are referred to appropriate preferred provider practitioners for further management.

As with safety risks, we reduce occupational health risks by proactive engineering aimed at reducing noise and dust levels. Key environmental management measures implemented to reduce noise and dust in 2014 included:

- tip filters to prevent the liberation of dust into the air;
- chemical spraying to suppress dust from footwalls in pre-determined main intake airways;
- mist sprays to suppress dust in ambient air at high dust sources where dust-extraction systems cannot be installed due to site-specific conditions or requirements;
- dust covers over winch drums to reduce dust exposure for winch operators; and
- real-time dust measurement equipment to allow for rapid troubleshooting and more comprehensive risk mapping by environmental engineering staff.

**ADDRESSING HEALTH RISKS AT SOURCE**

We achieved 22.5% against our own target of 20% of dust exposure readings above 0.05mg/m$^3$ which is lower than the statutory level, in 2013 and 18.6% in 2014. The target was adopted to ensure compliance with the Mine Health and Safety Council (MHSC) milestone of no more than 5% of readings above 0.1mg/m$^3$ by December 2008 we have consistently achieved this target with brief deviations. Our target is reduced annually. The Group has met the Mine Health and Safety Council target over the years with brief deviations from time to time but this was controlled immediately when detected

Given underground conditions and employee activities, work continues to ensure that PPE provided to our employees is suitable and effective. We have decided that the use of "air curtain" hard hats will be determined by the risk presented at the time. FFP3 dust masks are due to be handed out to locomotive drivers, to protect them from diesel particulate matter, in 2015. The air curtain provides a clean source of air in the employee's breathing zone. The masks are designed to capture smaller particulate matter such as diesel particulate matter.

The implementation of our noise and dust management strategy is tracked at monthly review meetings. This strategy aims to manage personal exposure to noise and dust, providing information that assists responsible individuals. It also strives to comply with the Department of Mineral Resources's guidelines on airborne pollutants and noise. It supersedes Project 4M, which was compiled and implemented as Gold Fields' initial formalised response to realising Mine Health and Safety Council milestones on noise and dust exposure. It was replaced and rebranded under Sibanye as the noise and dust strategy, which is essentially similar to Project 4M, in terms of content, and has been updated with new initiatives and practices to reduce exposure to noise and dust.

The objectives of our noise and dust management strategy are to:

- reflect the application of management responsibility for noise and dust through management structures, policies, procedures and organisational arrangements appropriate for the nature and extent of the risks;
- implement optimisation principles that eliminate potential exposure and mitigate the consequences of incidents and accidents;
- enable the determination of a statistical number of measurements that estimate individual worker exposure as described in the guidelines;
- enable selection, procurement, utilisation and maintenance of personal dosimeters, sampling pumps and area monitors to provide a reliable measurement of noise and dust levels for all practical situations; and
- enable all mining units to measure the effectiveness of their implemented engineering controls.

At a meeting in 2014, Sibanye's Risk Committee discussed the potential penalties for over-exposure and referred the matter to the Chamber of Mines, including employer groupings, for further discussion.

Sibanye does not prevent a person from applying for work at any of its operations if previously exposed to any occupational health risk. A thorough assessment will be conducted to ascertain any impairment as a result of exposure, and a certificate of fitness will be issued if the individual is not at risk.

# HUMAN CAPITAL
CONTINUED

**Noise-induced hearing loss (NIHL)**
A preventable disorder, even in noisy industrial environments, provided that hearing protection devices and other avoidance mechanisms are used judiciously, noise-induced hearing loss may be caused by repeated or extended exposure to sound at or above 85 decibels (dBA) over a prolonged period that causes irreparable damage to the sensitive structure within the inner ear. The Mine Health and Safety Council requires that the total noise emitted by machinery may not exceed a sound pressure level of 110dBA in any location or workplace. Sibanye's internal target requires that noise emitted by machinery does not exceed 105dBA. The Mine Health and Safety Council target was achieved by withdrawing machinery exceeding the target and adopting a Buy Quiet Policy, which is due to be implemented in 2015. The Mine Occupational Safety and Health (MOSH) Buy Quiet programme for the South African mining industry supports the procurement of low-noise products in the interests of hearing conservation, controlling employees' exposure to noise and preventing noise-induced hearing loss.

Sibanye used an in-ear dosimeter to evaluate the efficacy of hearing protection devices in stock, and chose disposable hearing devices for employees. We are also investigating the use of moulded hearing protection devices.

Sibanye seeks to reduce the extent to which employees are exposed to noise by reducing the noise at source, and ensuring that employees are made aware of the importance of wearing PPE. Employees are educated in the proper use of PPE at entry and during annual induction processes, as well as ongoing education campaigns.

In 2014, 138 (2013: 88) cases of noise-induced hearing loss were reported. The diagnosis of noise-induced hearing loss is made on the assessment of the percentage hearing loss from baseline audiograms. Noise-induced hearing loss is defined as a loss of hearing in excess of 10%, which manifests over a prolonged period after repeated exposure to noise levels in excess of 85dBA.

The interventions implemented by the Group aim to reduce noise-induced hearing loss in previously unexposed individuals or new entrants to the industry. Since 2008, no new cases have been recorded among novices.

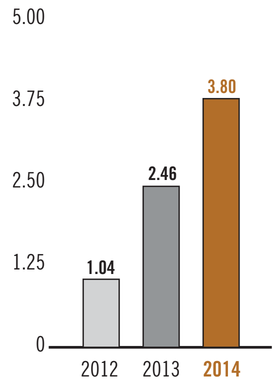
**Noise-induced hearing loss**

| | 2014 | 2013 | Variance | % variance |
|---|---|---|---|---|
| Beatrix | **42** | 16 | 26 | 62 |
| Cooke | **20** | | 20 | 100 |
| Driefontein | **56** | 27 | 29 | 52 |
| Kloof | **20** | 48 | -28 | -140 |
| **Total** | **138** | 91 | 47 | 34 |

*The submission of NIHL requires a deterioration in hearing/shift of 10% or more of hearing loss from baseline assessment. The disease manifests over a prolonged period after repeated exposure to noise levels in excess of 85dBA for more than four hours.*

*The data for the past two years is reflected in this table. As evident, there has been an increase in submissions by 34% (19,6% up from 2013, excluding Cooke Operations). The interventions implemented within the Group will conserve hearing in new entrants to the industry and previously unexposed individuals. Since 2008, no new cases of NIHL have been recorded.*

**Noise-induced hearing loss**
**(per 1,000 employees at risk)**




## "The new operational health model has been designed to improve accessibility to healthcare services and quality of care"

**Chronic obstructive airways disease (COAD)**
COAD is characterised by chronically poor airflow, resulting in shortness of breath, coughing and sputum production. Long-term exposure to smoking, and particulates associated with air pollution, particularly in poorly ventilated areas, and genetic predisposition cause an inflammatory response in the lungs, resulting in a narrowing of the small airways and breakdown of lung tissue known as emphysema or chronic bronchitis.

Various measures have been implemented to reduce the extent to which employees are exposed to dust and diesel particulate matter. Legislation on exposure to diesel particulate matter is due to be introduced in 2018 in terms of which a limit of 0.16mg/m³ (total carbon) will be imposed. The Department of Mineral Resources has advised a step-in approach to diesel particulate matter exposure control:

- 350µg/m³ (total carbon) up to December 2015;
- 200µg/m³ (total carbon) up to January 2017; and
- 160µg/m³ (total carbon) in January 2018.

The Mine Health and Safety Council has prepared a position paper on the regulation of diesel particulate matter. Legislation, expected to be passed in 2015, will require a step-down approach towards the limit of 0.16mg/m³.

Analysis of diesel particulate matter concentration is conducted routinely to finalise the baseline study, and results are presented to the Sibanye Health, Safety and Environmental Committee monthly.

Sibanye has finalised the testing of stainless steel exhaust filters and awaits a final report from the CSIR on the analysis results to make a decision on the use of this method of dilution of diesel particulate matter by ventilation, which is the most common control used to reduce exposure to diesel particulate matter.

Safe Technology has also been investigating several mechanisms to reduce employees' exposure to diesel particulate matter, as well as other harmful emissions, in line with the declaration of diesel particulate matter as carcinogenic by the International Agency for Research on Cancer in June 2012.

In 2014, 45 (2013: 74) cases of chronic obstructive airways disease were reported. chronic obstructive airways disease is compensable, given its association with chronic dust exposure, TB and silicosis. Despite an increase in silicosis submissions, there is a decline in diagnosed chronic obstructive airways disease as silicosis is now submitted at a very early stage of the disease and the full clinical extent and diagnosis of chronic obstructive airways disease is not evident at this stage of silicosis reporting.

**Silicosis**
Free silica ($SiO_2$), also known as crystalline quartz, found across a broad range of industries, including mining, cement manufacturing and quarrying, reaches the small airways of the lungs and forms tiny nodules (pulmonary fibroses) – the disease is known as silicosis.

In 2014, 264 (2013: 129) cases of silicosis were reported. The basis for reporting on silicosis has changed.

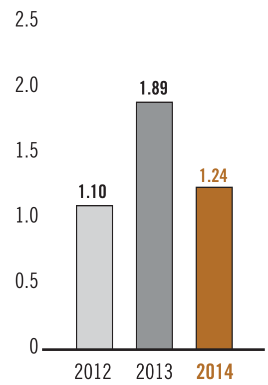
There has been a regression in submitted silicosis cases to levels recorded in 2010, which reflects high dust exposures prior to implementation of dust reduction strategies by the Group. The increase in submitted silicosis rates is due to the submission of cases at a lower threshold in terms of the International Labour Organization (ILO) standard for grading silicosis.

**ALCOHOL AND DRUG ABUSE MANAGEMENT**
Alcohol abuse is a serious wellness issue. We are attempting to assist employees to reduce potential alcohol/drug abuse, and ensure that employees do not report to work under the influence of alcohol and drugs as this is likely to compromise their own safety and that of their fellow employees.

Due to the safety risks, we have an entrenched policy on the use of alcohol, drugs and prohibited substances, which stipulates zero tolerance but provides for support of employees who realise that they have a problem. We then assist them in seeking professional help.

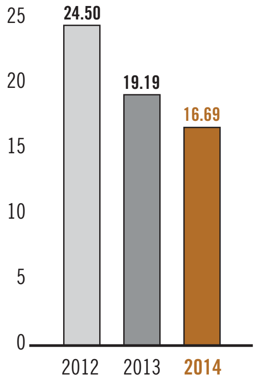
We have rolled out alcohol self-testers in the majority of workplaces and randomly test employees and visitors arriving at our operations. Disciplinary action is taken against defaulting employees and visitors are refused access if their blood alcohol content is above zero. On average, we conduct 33,000 random alcohol checks every quarter across the Group.

**Chronic obstructive airways disease rate (per 1,000 employees at risk)**

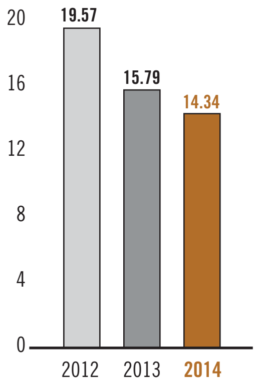


# HUMAN CAPITAL
CONTINUED

**Tuberculosis rate**
**(per 1,000 employees at risk)**




**Cardio-respiratory tuberculosis rate**
**(per 1,000 employees at risk)**




**Tuberculosis (TB)**
TB is a significant health hazard, particularly in Southern Africa where the relationship between TB is symbiotic, HIV and silica-dust exposure exacerbates the incidence of silicosis and TB. TB spreads when airborne droplets from the cough or sneeze of an infected person are inhaled by others, the most lethal form is cardio-respiratory tuberculosis, which typically attacks the lungs, membranes lining the lungs and chest, and heart. People who live and/or work in close proximity are particularly susceptible to contracting TB.

Given the epidemic magnitude of TB and HIV in South Africa, Sibanye has adopted a comprehensive strategy to address the diseases, including annual TB screening for all employees, voluntary HIV testing, molecular DNA testing for TB, freely available highly active anti-retroviral treatment (HAART) and TB drugs. Contact tracing of the TB suspects on mines and in peri-mine communities, as well as post-employment TB management in South Africa and in neighbouring Southern African Development Community (SADC) countries where TB is prevalent, is also carried out.

There were 566 (2013: 480) new cases of CRTB reported and treated in 2014. A total of 715 cases of cardio-respiratory tuberculosis were treated in 2014 of which 34 (2013: 34) were multi-drug resistant TB (MDR-TB).

The total TB rate has declined significantly from 19.19 per 1,000 in 2013 to 16.69 per 1,000 in 2014.

The TB rate (per 1,000 employees) continues to decline as a result of:

- Early detection of HIV-infected employees and initiation of HAART at an early stage. We start treatment at a CD4 count of 500. CD4+ T helper cells are white blood cells, which are an essential part of the human immune system. If the cells are depleted, for example in untreated HIV infection, or following immune suppression prior to a transplant, the body is left vulnerable to a wide range of infections. By treating HIV infection early, we avoid deterioration of the immune system to levels below a CD4 count of 200 at which individuals are predisposed to TB infection and other opportunistic infections.
- We use the GeneXpert test extensively to detect early TB in suspects and contacts, and thus prevent the spread of the disease.
- The combination of early detection and treatment of TB and HIV has resulted in a decline in TB rates.
- As part of our preventative strategy and early detection of diseases, we have partnered with the Global Fund to Fight Aids, Tuberculosis and Malaria, the Aurum Institute for the research of surveillance, treatment and management of epidemic, occupational and other diseases among mineworkers, and the National Health Laboratory Service to screen employees for TB and lifestyle diseases.

**HIV/Aids**
HIV/Aids is a significant contributing factor in employee morbidity rates, mortality rates and medical incapacity.

A total of 5,590 (2013: 4,359) employees were tested for HIV in 2014 – 1,169 or 21% (2013: 1,004 or 23%) tested positive and 4,296 or 77% (2013: 3,342 or 77%) tested negative for HIV while 125 or 2% (2013: 13 or 0.29%) were unknown or undetermined on screening and required laboratory testing for confirmation. The voluntary counselling and testing (VCT) programme has been extended to all occupational health centres in 2015, and all employees and contractors are offered and afforded the option to test after completion of an annual medical examination.

In keeping with our strategic intent of early diagnosis and treatment of disease, Sibanye has extended the VCT programme to all occupational health centres in 2015.

Sibanye's strategy to address HIV/Aids, sexually transmitted infections (STIs) and TB is based on the National Strategic Plan 2012-2016, which has four main strategic objectives:

**TO STOP TB**
Operation Hlasela iTB reached 35,244 employees in 2014. Of these people, 5,847 were screened for TB and 759 were tested using GeneXpert.

"Hlasela iTB" is isiZulu for "Stop TB".

TB is traditionally diagnosed with a combination of chest X-rays and sputum smears. GeneXpert technology now provides results on the same day as it is more sensitive than conventional tests. It can also detect multi-drug resistant TB (MDR-TB).

In partnership with the Department of Health, we give our employees an opportunity to be voluntarily tested for various potential diseases, including TB, cholesterol, blood pressure, diabetes and HIV/Aids.

- address social and structural drivers of HIV, STIs and TB prevention, care and impact;
- prevent new STIs, HIV and TB infections;
- sustain health and wellness; and
- ensure protection of human rights and improve access to justice.

Since 2004, cumulatively 4,604 (2013: 3,654) employees received free HAART, excluding employees on the ARV disease management programmes provided by medical schemes. In 2014, we received 685 (2013: 488) new patients in the HAART programme and 194 (2013: 355) employees left the programme.

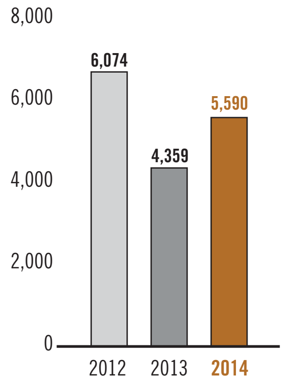
A total of 6,202 employees have left the programme since 2004. The reasons for leaving the HAART programme include death (18.07%), incapacity (42.48%), retrenchment and human capital reasons (33.04%), and non-adherence (6.41%).

### HOME-BASED CARE

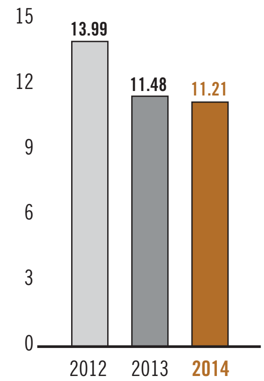
We continue to provide home-based care for former employees, including those who have returned to labour-sending areas, and are terminally ill or permanently incapacitated. In addition, we also provide TB care via TEBA Limited for employees who can no longer work but who need to continue TB care. This is monitored until completion of therapy and cure. Family members are counselled and screened for TB as part of this service offering. Former employees with occupational injuries and/or disease are entitled to a benefit examination every two years.

In collaboration with other mining companies, through the Chamber of Mines, the Department of Health opened two "one-stop occupational health centres" in Mthatha, Eastern Cape province, and Carletonville, Gauteng province, in the past year. The Department of Health has prioritised business process re-engineering and the capturing of submissions electronically at the Medical Bureau for Occupational Diseases and CCOD in an effort to expedite the processing and reconciliation of claims. The proposed budget for 2015 is R6 million for the Medical Bureau for Occupational Diseases and R4,7 million for additional one stop sites.

**Employees tested for HIV/Aids**

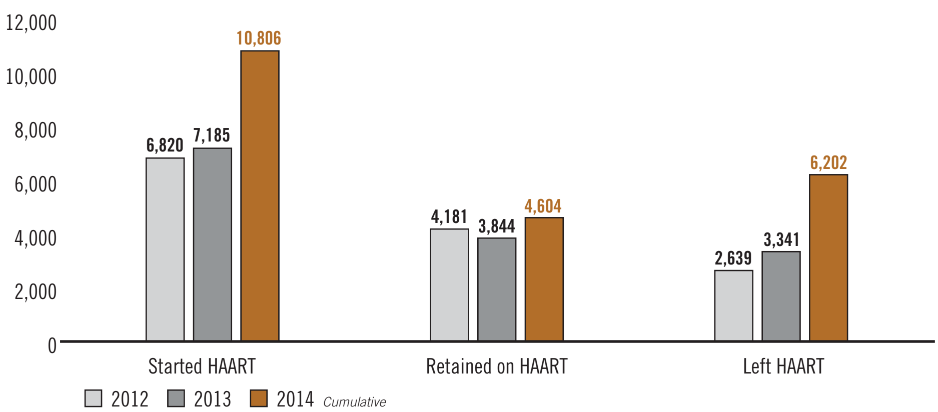



**Employees and contractors receiving VCT* (%)**



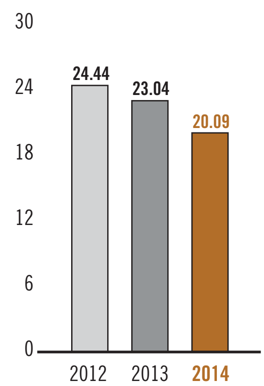

** In 2014, voluntary counselling and testing (VCT) numbers include employees, contractors and all terminations.*

**Employees receiving HAART***




** Highly active antiretroviral treatment (HAART) refers to the combination of drugs used to suppress HIV, excluding medical aid employees*

**Voluntary counselling and testing HIV* prevalence rate (%)**




** Cohort from VCT testing*

# HUMAN CAPITAL
CONTINUED

## 3 HUMAN CAPITAL DEVELOPMENT

In 2014, the Group spent R353 million on human capital development (2013: R316 million). A total of 7.85 million training hours (2013: 7.86 million) were done by employees. A total of 64,615 (2013: 94,402) training and development opportunities were provided in 2014.

The Sibanye Gold Academy in Westonaria, Gauteng, provides human capital development training that increases the skills and knowledge of our employees, through training or experience, for the benefit of the Group as well as the marketplace. The academy is fully accredited by the Mining Qualifications Authority (MQA) and its programmes have been approved by a number of other Sector Education and Training Authorities (SETAs). Satellite campuses, managed by the academy, are located at each operation.

While each operation is accountable for identifying and fulfilling its own human capital development needs, and has substantial discretion based on its own business needs and circumstances, they all operate within the ambit of the Sibanye human capital development model.

Training and development is aligned with our on business needs, and is focused on developing employees and communities. In 2014, we reviewed all social and labour plan targets to ensure that they were in line with business needs. Where business needs were lower than the targets outlined in the Group's social and labour plans due to restructuring, communities were afforded training and development. Opportunities for recruitment are advertised within the organisation, within communities (local and labour-sending areas) and at learning institutions.

Sibanye aims to ensure that a training talent pipeline is maintained through Adult basic education and training (community) (ABET), portable skills training, learnerships, internships, study assistance, and core skills and leadership development.

### ADULT BASIC EDUCATION AND TRAINING (ABET)

A total of 1,841 employees were assessed for recognition of prior learning (RPL) across all of our satellite campuses at Beatrix, Driefontein and Kloof in 2014. The initial target, set in 2012/2013, was 17,000 employees and we assessed 17,062 in 2013. We continued with RPL in 2014 but only in terms of continuing to determine and improve our literacy profile. A target was therefore not set for 2014 as the project deliverables and budget were aligned with those of the previous year. A new ABET curriculum is being implemented at our operations where learners write the nationally recognised Independent Examinations Board (IEB) external examinations – 1,050 ABET learners wrote IEB national examinations in 2014. To support the implementation of the new curriculum, ABET classrooms have been upgraded by installing computers to assist with catch-up classes and lesson enrichment.

### PORTABLE SKILLS TRAINING

We recognise the value of portable skills training to equip employees with skills that will stand them in good stead for life after mining. Registered South African Qualifications Authority (SAQA) qualifications are made available in mechanical, electrical and construction trades, and have expanded to cover portable skills delivery in the fields of agriculture, clothing and textile manufacturing.

A total of 1,109 (2013: 865) employees and 1,091 (2013: 1,354) community members received portable skills training in 2014.

### LEARNERSHIPS

To improve our employees' skills and enhance their career prospects, learnership programmes are offered as a combination of study and practical, on-the-job training. Learnerships play an important role in advancing employees' careers as they lead to qualifications recognised by the SETAs and they are registered with the Department of Labour.

Sibanye offers learnerships in the fields of mining and engineering. The Group spent R35 million (2013: R19.1 million) on engineering learnerships and R42.3 million (2013: R19.6 million) on mining learnerships in 2014.

### STUDY ASSISTANCE

Bursaries are awarded every year to selected candidates for study towards a bachelor's degree at a South African university. The intention of the scheme bursary is to provide the Group with high-calibre graduates who want to forge a career within Sibanye. Bursaries, grants and interest-free loans are also offered to employees studying in disciplines that are core to the mining industry and form an integral part of the Group's employment equity plan. The number of bursaries offered is guided by the Group's long-term requirements.

In 2014, Sibanye spent R23.6 million (2013: R7.4 million) on bursaries.

## HUMAN CAPITAL DEVELOPMENT AS AT 31 DECEMBER 2014

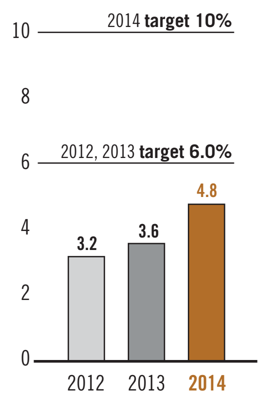
| Interventions | Expenditure (R) | Number of employees | Historically disadvantaged South Africans (HDSA) (%) | Women (%) | Number of community members | Total training hours* |
|---|---|---|---|---|---|---|
| Internships | 29,094,359 | 68 | 96 | 35 | 69 | 276,192 |
| Bursaries | 23,651,356 | 124 | 83 | 33 | 109 | 469,728 |
| Adult basic education and training (ABET) (employees) | 28,449,092 | 1,325 | 99 | 12 | 0 | 508,800 |
| Adult basic education and training (ABET) (community) | 1,228,488 | 0 | 100 | 46 | 984 | 755,712 |
| Engineering learnerships | 35,636,133 | 207 | 88 | 22 | 284 | 989,856 |
| Mining learnerships | 42,376,152 | 337 | 93 | 26 | 64 | 808,416 |
| Portable skills (employees) | 3,465,245 | 1,109 | 98 | 12 | 0 | 53,232 |
| Portable skills (community) | 3,210,444 | 0 | 99 | 44 | 1,091 | 104,736 |
| Leadership development | 11,787,598 | 1,037 | 84 | 45 | 0 | 41,480 |
| Core skills training | 12,447,627 | 59,554 | 95 | 5 | 0 | 3,811,456 |
| Coaches/mentors | 1,726,635 | 854 | 94 | 33 | 0 | 34,160 |

** Number of learners x average training days per learner*

**“Training and development interventions are based on business needs,** and focus on developing employees and communities”

# HUMAN CAPITAL
## CONTINUED

Women in mining (%)




### 4 EMPLOYMENT EQUITY AND TRANSFORMATION

Sibanye upholds the labour rights outlined in the Fundamental Rights Convention of the ILO, and our policies ensure employees are treated fairly irrespective of origin, race or gender, consistent with South African employment equity requirements. We are committed to transformation, and delivery on the commitments made in our social and labour plans and to ensure that our employment profile reflects all South Africans. Our objectives for 2013 and 2014 are aligned with the Mining Charter – to employ at least 40% historically disadvantaged South Africans across all management levels and to increase the percentage of women employed in core activities to at least 10%.

Increasing historically disadvantaged South African representation in middle and senior management as well as the increasing number of women in mining in core activities remains a challenge.

At the end of 2014, historically disadvantaged South Africans made up 44% (2013: 45.01%) of management and 66% in non-managerial positions (C Band and below in terms of the Paterson grading system). Women in core mining activities made up 4.8% (2013: 3.6%) of the total employee complement at the end of 2014.

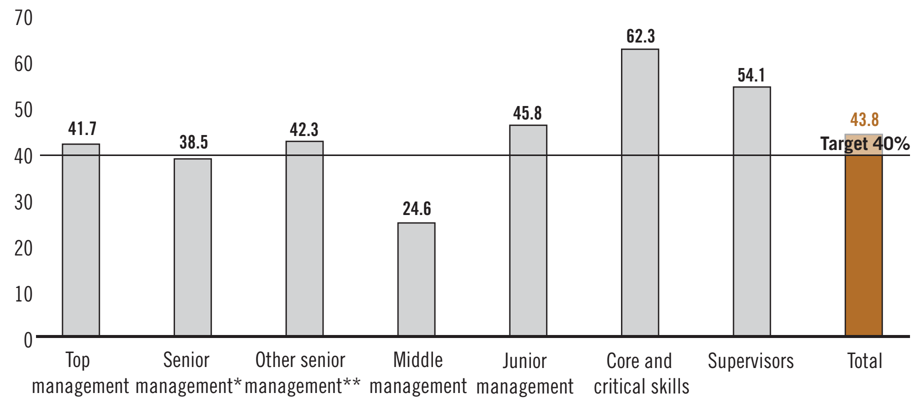
We have established a task team to develop a strategy to increase numbers of women in mining and the issues they face, including successful integration of women underground as well as personal safety. These issues are also monitored by women in mining forums made up of female employees at each operation.

### SCARCE SKILLS

The Group has implemented a strategy to attract and retain key employees, specifically those with scarce and critical skills, as identified by the MQA, including mining, engineering (mechanical and electrical), metallurgy extraction, chemical engineering, surveying and geology. Recruitment initiatives focus on increasing the number of employees from local communities, as of July 2014. We have also signed a memorandum of understanding with local government, community leaders and TEBA in this regard for Beatrix and Balfour. We are negotiating the same for Driefontein and Kloof.

We began the roll-out of the new recruitment model at Kloof and Driefontein in 2014. A total of 340 people were recruited from communities surrounding those operations in the last six months of 2014.

Historically disadvantaged South Africans in management as at 31 December 2014 (%)




* Executive Committee, excludes Chief Executive Officer and Chief Financial Officer
** Vice Presidents

### 5 EMPLOYEE LIVING STANDARDS

We use our CARE values as guiding principles to address issues affecting our employees, including:

- **Migrant labour:** We are exploring alternative shift arrangements and bus-in-and-out programmes in order to get our employees home more often.
- **Sustainable employment:** We invest in new projects and growth which will provide long-term employment.
- **Indebtedness:** We address personal financial education through our CARE iMali programme and are exploring debt consolidation.
- **Housing/home ownership.** We have almost completed high density residence conversions, are building family accommodation houses and have established an affordable home-ownership programme.
- **Standards of living and company alignment:** We are attempting to align and reward employees, investors and management through gain share and profit share schemes.

- **Community unrest and sustainability:** We engage directly with communities in order to identify priority and meaningful development projects and deliver on our social and labour plans.
- **Transformation, education and training programmes:** We offer training and development for current and potential employees with focus on historically disadvantaged South Africans and women in mining.

## HOUSING AND LIVING CONDITIONS

Sibanye has spent R608.5 million on the construction of new houses and upgrading high density residences since 2006.

Of the 44,411 (2013: 36,274) people employed by Sibanye at the end of 2014, 13,057 or 33.3% (2013: 13,469 or 37.1%) live in high density residences, 6,538 or 16.6% (2013: 6,495 or 17.9%) in family units built by the Group and 22,462 or 57.3% (2013: 12,686 or 35.0%) opted to receive a living out allowance.

### HIGH DENSITY RESIDENCE UPGRADES

Our high density residences upgrade programme, completed in 2013 (excluding Cooke), represents a total investment of R425.2 million.

The high density residences occupancy rate has decreased significantly to 1.1 people per room from six to 10 people per room at the outset of the project in 2006.

### FAMILY ACCOMMODATION

The Mining Charter requires mining companies to upgrade high density residences into family accommodation. Our approach is to build as many new family units as possible in viable, stable communities, as we do not believe the high density residence environment is suitable for families.

In 2014, a total of 195 houses still needed to be built – 50 of these will be built in Blybank early in 2015. The remaining 145 were offset with the upgrading of Phuthaditjhaba high density residence at Driefontein in line with the social and labour plan requirements.

The conversion of Beatrix West high density residence to family units is planned for 2015.

Home ownership marketing and facilitation will start in 2015 with two "show houses" built in the West Wits area and another two to be built in the Free State.

The aim is to provide an affordable and sustainable home ownership scheme to Sibanye's Category 3 to 8 employees without any compromise in quality and cost.

It is envisaged that the living out allowance, which is currently R2,000 per month with an additional 10% for first homeowners, should cover the cost of the bond as well as basic utilities.

The show houses built are two of five variants from which the prospective homeowners can choose. There are also multiple options for interior finishings.

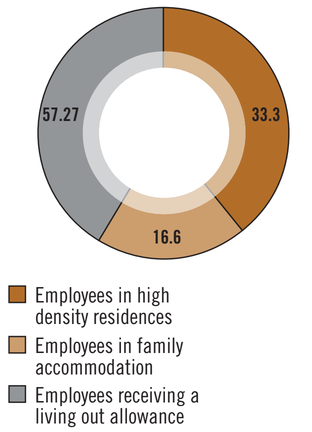
The show houses are also fully furnished to show the prospective homeowners the actual look and feel of the completed house.

### LIVING OUT ALLOWANCES

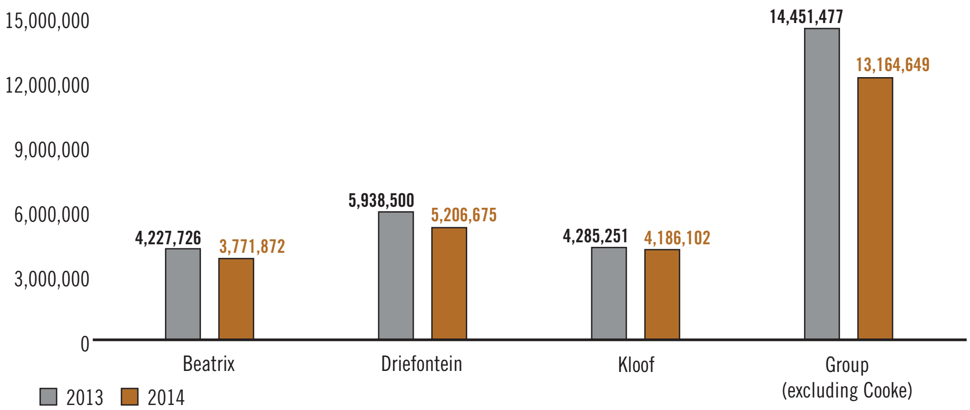
Living out allowances are negotiated collectively along with wage negotiations. A set amount is paid to employees who prefer to live in private accommodation rather than mine residences. With effect from 1 September 2014, the living out allowance rose to R2,000 per month.

Sibanye is addressing the issue of informal settlements by offering participation in an affordable home ownership scheme and engaging with local municipalities on spatial development, as described above.

**Employee accommodation in 2014 (%)**




**Meals provided to employees**



# HUMAN CAPITAL
## CONTINUED

**High density residence occupation in 2014 (average)**

| Operation | Residence | Occupation |
|---|---|---|
| BEATRIX 2,986 (Total number of employees: 7,444) | 123 High density residence | 2,043 |
| | 4 High density residence | 912 |
| | Single quarters | 31 |
| DRIEFONTEIN 5,215 (Total number of employees: 10,425) | Masizakhele | 2,619 |
| | Ekuthuleni | 1,186 |
| | Tsepong | 668 |
| | Phuthaditjhaba | 473 |
| | Single quarters | 269 |
| COOKE 1,150 (Total number of employees: 5,570) | Cooke 1 | 298 |
| | Cooke 2 | 248 |
| | Cooke 3 | 604 |
| | Cooke 4 | 0 |
| KLOOF 5,178 (Total number of employees: 9,791) | Kopanang | 2,995 |
| | Nkululeko | 787 |
| | Leseding | 1,248 |
| | Single quarters | 148 |

**Family accommodation**

| | Driefontein | Kloof | Total |
|---|---|---|---|
| Committed | 495 | 462 | 957 |
| Houses completed as at 1 January 2014 | 300 | 362 | 662 |
| Total houses completed at 31 December 2014 | 300 | 462 | 762 |
| **Total houses outstanding at 31 December 2014** | **195** | **–** | **195** |
| **Percentage completed at committed target** | **60.61%** | **100%** | **79.62%** |

**Progressive accommodation upgrade and houses built in 2014**

| | High density residence rooms | | Category 4-8 houses (various unskilled and semi-skilled employees) | |
|---|---|---|---|---|
| | Planned per SLP by 31 December 2014 | Completed | Planned per SLP by 31 December 2014 | Completed |
| Beatrix | 813 | 813 | 60 | – |
| Cooke | 392 | 56 | 203 | 121 |
| Driefontein | 1,400 | 1,574 | 495 | 300 |
| Kloof | 1,705 | 1,778 | 462 | 462 |
| **Total** | **4,310** | **4,221** | **1,220** | **883** |

### MIGRANT LABOUR

More than 29% (2013: 29.9%) of our employees come to work on the mines from labour-sending areas.

Sibanye is attempting to address some of the social issues arising from the migrant labour system by testing alternative working arrangements at its operations. Different shift cycles and longer shifts should result in more time off for employees, potentially allowing them to get home more often as well as creating more employment opportunities and enhancing productivity on mature mines.

Government is encouraging mining companies to recruit from local communities (within 50km of mining operations) but the impact of this on the labour sending areas needs to be considered. Remittance from the mines is often the sole source of income for people living in labour-sending areas and it supports regional economies.

## INDEBTEDNESS

In order to begin addressing the social impact of indebtedness on employees, we have introduced the CARE for iMali/Khathalel'imali/Hlokomela chelete (meaning "care for money" in isiXhosa and Sesotho) – that addresses personal financial management.

Aimed particularly at curbing indebtedness, the programme also attends to the needs for home ownership and sharing value created by our operations. This financial training programme was launched in February 2014 and has been well received by employees.

The success of our financial training in 2014 was measured in terms of the following criteria:

**CARE for iMali:**

- 8,695 employees and community members were trained against a target of 8,600;
- 204 community members were trained in Eastern Cape from 10 to 14 November 2014, inclusive in the target above;
- training of visiting spouses has been conducted since August 2014 (a target was not set as this was requested by the visiting spouses);
- retiring employees will receive training in 2015 through provident and pension fund administrators; and
- dependants in Grade 11 will be trained in 2015 by educators who were trained to be master trainers for schools in the Free State and Gauteng provinces.

**Financial services:**

- a service provider has been contracted to audit and validate current garnishee orders, and will assist employees in managing excessive debt, providing voluntary counselling to indebted employees;
- R47,582 was refunded to employees when illegal deductions were stopped and money was collected from creditors; and
- the audit found some employees with erroneous outstanding balances and prevented further deductions so that 414 employees were saved an amount of R221,625.

**Loan sharks:**

- Protection Services identified loan sharks operating around operations and evicted them.

**Notices of deduction:**

- Deductions from employees by high density residence shops, sporting goods outlets and recreation clubs were stopped.

## ILLEGAL MINING – A THREAT TO SAFETY AND HEALTH

Illegal underground mining and surface gleaning on waste rock dumps, old metallurgical plant sites and slimes dams by unemployed people ("zama zamas" in isiZulu) continue to plague the Group. Underground illicit mining is particularly prevalent at Kloof and has increased at Driefontein, which is particularly susceptible to surface gleaning.

Kloof was originally targeted due to its close proximity to the informal settlements on the greater West Rand. These settlements are home to the majority of illegal miners, mainly foreign nationals, who are unemployed. Influential gold syndicates are also well-established in this area.

Surface gleaning prevailed at Driefontein, on the rock dumps and old metallurgical plant sites, until the demise of Blyvooruitzicht mine near Carletonville. When production ceased at this mine, there was some respite from surface gleaning at Driefontein.

The volume of high-grade gold-bearing material (gbm) on surface has also been depleted, moving the illegal miners underground at Driefontein, which is also in close proximity to illicit syndicates and buyers.

These small-scale mining activities are deemed illegal because all mining rights in South Africa are owned by the state. Companies and individuals must, therefore, apply for the right to mine.

In 2014, 112 (2013: 144) illegal mining incidents were reported at our operations and 255 (2013: 323) illegal miners were arrested. Sibanye managed to recover 329kg (2013: 435kg) of gbm with an approximate value of R112,240 (2013: R528,117).

Of the 122 cases (2013: 125) of illegal mining, involving 255 perpetrators (2013: 126), registered nationally with the South African Police Service in 2014, a total of 226kg (2013: 223,641kg) of gbm, to the value of R206,853 (2013: R486,610), was recovered – and 43 (2013: 85) incidents of collusion between illegal miners and mine employees were recorded in the year.

Sibanye instituted disciplinary action against 43 (2013: 87) employees, which resulted in the discharge of eight (2013: 41) employees and two (2013: 15) final written warnings were issued – one (2013: 20) employee was found not guilty or had the case withdrawn and, to date, results for 25 (2013: 11) cases are still outstanding.

Criminal charges for illegal mining range from trespassing to the possession of unwrought precious metals – offences punishable in terms of the Minerals and Petroleum Resources Development Act and the Mine Health and Safety Act. Sentences handed down by the courts range from fines of R500 to R30,000 or imprisonment from two to 32 months.

Sibanye has instituted preventative measures, such as fencing off specific areas, establishing only one access/egress point, activating facial biometric access control on various shafts and greater visibility with the deployment of additional employees on shafts and in crush offices.

Illegal mining not only undermines the financial viability of our operations but also present severe safety and health consequences for the illegal miners and our employees. Wanton use of explosives and other stolen mining equipment, and tampering with established infrastructure, compromise the stability of compliant mining environments and thwart rescue efforts in an emergency. In addition, illegal miners are not protected from occupational health hazards, such as silicosis and toxic methane gas, inherent in the mining environment.

# MANUFACTURED CAPITAL AND INTELLECTUAL CAPITAL

## HOW WE SEE IT?

**Manufactured capital and intellectual capital encompass the collective body of intellectual and physical assets at our disposal that enable us to create value for all our stakeholders. By optimising the use of these assets, we are able to extend the lives of our operations and thus the sustainability of our business.**

### MINERAL RESOURCES AND MINERAL RESERVES

- Gold Mineral Reserves at current operations increased by 2.1Moz or 12% to 19.9Moz from 17.8Moz declared after the Cooke and Wits Gold acquisitions in May 2014, despite production depletion of 1.7Moz in 2014.
- Underground gold Mineral Reserves increased by 2.3Moz, net of production depletion, following the successful conclusion of feasibility studies on various organic growth projects at the operations.
- A maiden gold Mineral Resource of 8.9Moz has been declared at the Burnstone project, following significant revision of the geology models and ore reserve data.
- We will continue to review recently acquired projects in accordance with Group protocols and procedures while assessing possible synergies with current operations.

**Case studies:** http://reports.sibanyegold.co.za/2014/#case-studies

**Safe Technology:** page 60

**Statement of Mineral Resources and Mineral Reserves:** page 125

**In this section, we address:**

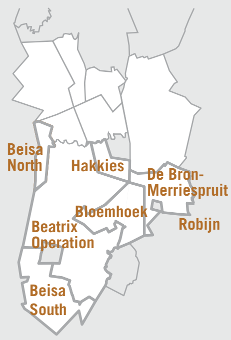
1. **RESEARCH AND DEVELOPMENT**
2. **SUSTAINING AND GROWING THE BUSINESS**

**We continue to focus on improving the quality of our mining, investigating the potential to mine sizeable secondary reef resources economically, reassessing opportunities in high-grade areas previously not mined and removing gold-bearing accumulations in previously mined areas.**

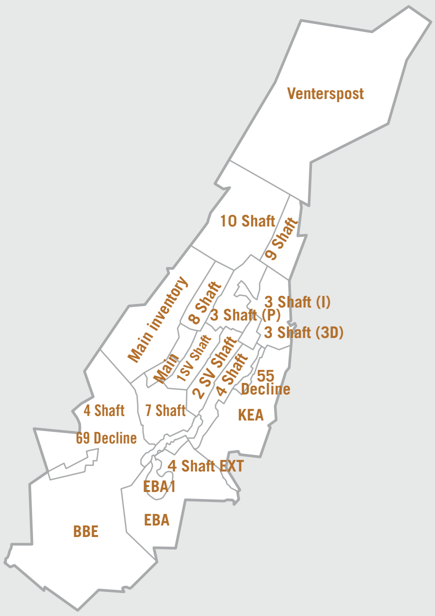
What we mean…

- We participate fully in research and development in pursuit of technological innovations that could safely unlock the mineral reserve and resource potential of our operations in high-grade remnants and pillars, and at depth.
- We consider the development of technology as a fundamental strategy and have identified Safe Technology as a strategic imperative.
- We continue to assess and bring to account vast resources contained in high-grade white areas, pillars and lower grade secondary reefs.
- We focus on quality of mining to limit costly dilution and optimise gold recovery.

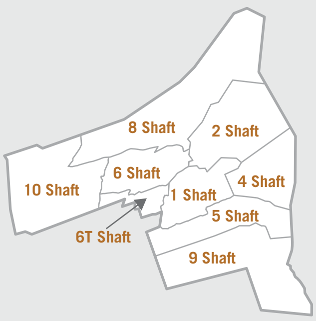
**BEATRIX**



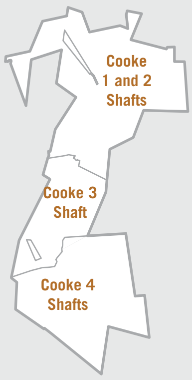

**KLOOF**




**DRIEFONTEIN**




**COOKE**

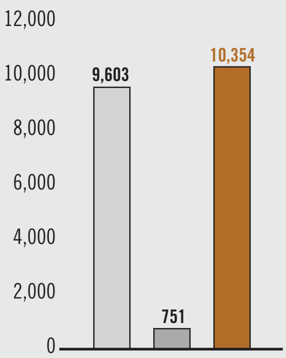


## GROUP GOLD PRODUCTION IN 2014

# 49,432kg (1.59Moz)

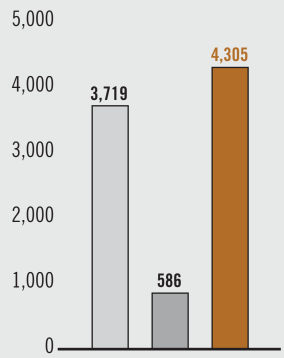
### GOLD PRODUCED AND SOLD (kg) IN 2014

**Beatrix**




Underground
Surface
Total

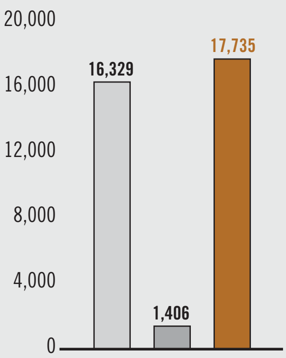
**Cooke***




Underground
Surface
Total

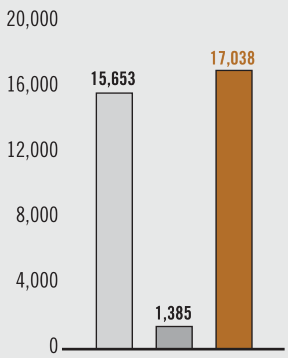
*Seven months*

**Driefontein**



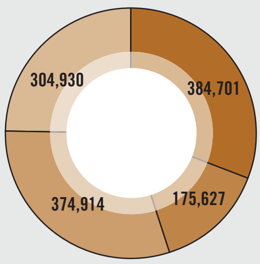

Underground
Surface
Total

**Kloof**



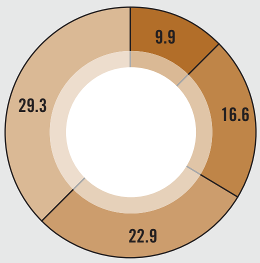

Underground
Surface
Total

**Area mined in 2014 (m²)**



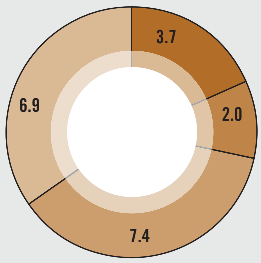

Beatrix
Cooke
Driefontein
Kloof

**Mineral Resources (Moz)**




Beatrix
Cooke
Driefontein
Kloof

**Mineral Reserves (Moz)**




Beatrix
Cooke
Driefontein
Kloof

### COMPLIANCE

NEW ORDER MINING RIGHTS ✓

WATER USE LICENCES ✓

SOCIAL AND LABOUR PLANS ✓

# MANUFACTURED CAPITAL AND INTELLECTUAL CAPITAL
CONTINUED

## 1 RESEARCH AND DEVELOPMENT

We spent approximately R7 million on Safe Technology research and development projects in 2014.

From the outset, we have considered the development of safe technology as a fundamental strategic objective. After the 2014 executive strategic session, the executive Safe Technology portfolio was established. Its interim strategy, due to be finalised in 2015, is the outcome of a 100-day process to identify our immediate operational needs, which include:

- **research** into industry-leading practices and strategies, review of technologies we have developed and peer group initiatives among major mining companies;
- **engaging** with industry peers about their technology strategies, as well as research institutions in South Africa (Chamber of Mines Research Organisation, Council for Scientific and Industrial Research, and the University of the Witwatersrand), OEMs and selected industry technology experts;
- **visits to mining companies** (Amplats, Impala Platinum Holdings Limited, AngloGold Ashanti, and the Burnstone and Modder East mines);
- **industry participation:** we have established a collaborative approach to new technology with all the major mining companies as well as the Chamber of Mines Gold Producers Committee;
- **structure and staffing:** we have established and staffed the Safe Technology function; and
- **internal review of the technology and strategies** commonly used.

The interim strategy has steered the Safe Technology focus towards areas that can accomplish short- and long-term improvements in safety, efficiency in current mining operations and productivity, commensurate with innovation in new product development and gold extraction methods, such as:

- **Old gold recovery:** reclamation of gold lost or left behind during mining operations in the form of fines, ultra-fines, crush pillars and spillages.
- **Current mining process improvement:** reducing employees' exposure to danger areas while increasing output and decreasing costs.
- **Future-state mining methods:** facilitating a 24-hour mining cycle, maximising utilisation of assets, and facilitating the conversion of Resource to Reserve of deeper level and secondary orebodies.

The Safe Technology strategy is positioned against the background of LoM projections, orebody complexity, productivity profiles and cost pressures, as well as our growing portfolio of capital expansion projects.

One of the Safe Technology projects that emerged during the 100-day process is stope mechanisation. To ensure the long-term sustainability of our operations, we are looking at innovative approaches to deep-level mining. A paradigm shift in hard-rock mining is required for us to remain competitive locally and globally. Safe Technology has, therefore, started a stope mechanisation programme to enable us to reduce costs and paylimits with non-explosive, continuous production. Safe Technology is expected to receive the first prototype in March 2015 and will enter into rigorous testing.

The projects developed by Safe Technology are due to be rolled out in 2015 while the division remains focused on mine design for our planned expansion projects and 10 macro projects

We are currently pursuing 25 registered micro projects and 10 macro projects. Micro projects are in alignment with Safe Technology's current mining process improvement strategy. Micro projects are either initiated by the Safe Technology department or put forward by the operations, and include smaller safety enhancing and production optimisation projects.

Examples include roof-bolting optimisation and standardisation, localised hydropower mining, winch signalling, automated cleaning methods, continuous dust monitoring and suppression, structural inspection and maintenance management system (SIMMS) optimisation, diesel particulate matter reduction and control (interim measures), among many others.

Registered macro projects are aligned with Safe Technology's old gold recovery and future state mining method. Macro projects are initiated and driven by the Safe Technology department with operational assistance from selected mining units. All macro projects represent a significant departure from conventional mining methods and aim to incorporate industry, and often world-leading technologies. Examples of ground-breaking developments include the Sibanye Gold locomotive. The locomotive incorporates a power unit, moving away from conventional and inefficient direct-current drives to highly efficient, regenerative, permanent magnet alternating current (PMAC) drives. Phase 2 of the locomotive will also make use of solid state lithium-ion yttrium-phosphate batteries, which substantially increase in operating life and charging capacity compared to the lead-acid equivalent. Coupled to the solid state batteries will be a Tier 4 generator set to charge the battery in terms of a predefined and optimised discharge cycle. Other macro projects include an adaptable, ultra-low-profile, mechanised platform capable of supporting various attachments. Various functionalities are being developed, including systems to facilitate rapid drilling cycles in areas where conventional mining practices restrict accessibility and face time or a completely revolutionary, non-explosive, 24-hour mechanised mining machine. Macro projects vary in scale and complexity but all share a common characteristic: a radically innovative paradigm shift in mining method and process.

Safe Technology endeavours to participate mining industry collaboration in technology development through intercompany, regulatory, administrative and institutional relationships. Our established network of OEMs, institutions and mining companies allows us to capitalise on past experience. This places us at the forefront of appropriate technology for our deep-level South African gold mines.

## 2 SUSTAINING AND GROWING THE BUSINESS

Our ability to sustain our dividend policy in the long term will require organic or acquisitive growth. Strategic decisions relating to growth are directed by our ability to sustain or enhance our dividend strategy. As a result, growth is funded from cash flow after dividends or alternative funding options may be considered where appropriate.

### GROWTH

A dedicated project team has been appointed to assess organic projects, which may be value-accretive and support our dividend yield strategy.

Strict filters are applied to organic projects, including assessing each project for risk, returns and the impact of financing on returns.

We embarked on an evaluation of our organic projects in 2014. The Group's extensive project pipeline extends from early-stage scoping studies to feasibility studies for new projects and existing operations. Project evaluation criteria have been developed to guide the evaluation, prioritisation and progress of internal projects.

The majority of these projects are at a sufficiently advanced stage for discounted cash flow models to be developed to determine the potential impact of our projects on our existing LoM plans. Early indicators are that we have potential to extend our LoM operating profile at approximately 1.6Moz per annum on a sustainable basis, for a period exceeding 10 years, if all projects are developed.

# MANUFACTURED CAPITAL AND INTELLECTUAL CAPITAL

CONTINUED

Acquisitive growth must be earnings-accretive or strategic with medium-term potential to support our core dividend strategy. We will also pursue value and growth in mining sectors other than gold if our core dividend strategy is supported by these endeavours.

Based on current project studies, annual capital requirements do not exceed R4.5 billion, and remain relatively constant on a unit cost basis at approximately US$250/oz (in 2014 terms). The net result is a potential sustained cash flow profile well beyond 10 years, which supports a dividend payout of at least R1 billion per annum while fully funding all projects from cash flows.

While it is likely that some projects may not meet the required evaluation criteria, and hence may not be implemented, initial assessment demonstrates sufficient organic growth flexibility to state confidently that we are able to maintain our targeted production and economic output levels for more than 10 years.

## URANIUM BY-PRODUCT STRATEGY

On 29 May 2014, we delivered our first 10t of ammonium diuranate (ADU) to the Nuclear Fuels Corporation of South Africa Limited (Nufcor SA).

Production of by-product uranium, which will enable us to extract value from otherwise uneconomical gold Mineral Resources, is a critical component of the operational turnaround at Cooke. Profit from the sale of uranium by-product, which is associated and mined with gold, will be offset against the gold production costs, thereby lowering gold production costs and enabling economic extraction of the medium-grade gold Mineral Resources. Uranium production from Cooke is forecast at approximately 275,000lb per annum by 2016.

Extraction of uranium from our 15 tailings storage facilities (TSFs) is also an environmental imperative, which will facilitate the extraction of up to 6.5Moz of gold contained in the West Rand Tailings Retreatment Project (WRTRP) resources. Up to 350,000lb of uranium per annum could be realised from the initial phases of this project.

The development of our existing uranium business will enable us to secure offtake contracts at higher prices through partnerships or acquisitions.

## MINERAL RESOURCES AND MINERAL RESERVES

The acquisitions of Wits Gold and the Cooke Operations resulted in a significant increases in Sibanye's declared Mineral Resources and Mineral Reserves:

- total Group gold Mineral Reserves increased by 44% from 19.7Moz (before Wits Gold and Cooke acquisitions) at 31 December 2013 to 28.4Moz and gold Mineral Resources increased by 60% to 103.9Moz;
- total underground gold Mineral Reserves increased by 41% from 15.2Moz declared at 31 December 2013 to 21.5Moz;
- surface gold Mineral Reserves increased by 55% to 7.0Moz, primarily due to the addition of the Cooke tailings storage facilities to the WRTRP; and
- uranium Mineral Reserves have increased to 102.5Mlb and uranium Mineral Resources increased by 158.6Mlb to 227.4Mlb since the 31 December 2013 declaration, with the addition of Cooke's tailings storage facility to the WRTRP, together with Wits Gold's Beisa North and South uranium Mineral Resources.

## SURFACE OPERATIONS

Our surface operations have been restructured into a separate standalone business unit to focus more keenly on the development of our sizable gold and uranium resources contained in its West Rand tailings storage facilities, which form part of the WRTRP.

We intend to develop a strong, long-life and high-yield surface business strategy, the WRTRP, which contains 6.5Moz of gold and 98.7Mlb of uranium. A prefeasibility study concluded in 2013 confirmed the economic viability of the WRTRP, which involves the construction of a large-scale central processing plant (CPP) for the economical extraction of gold and uranium from the retreatment of historic and current tailings. A further objective of the project remains the re-deposition of the residues in accordance with modern sustainable deposition practices, thus reducing future environmental liabilities.

A definitive feasibility study (DFS), which will further advance concepts developed during the pre-feasibility study is due for completion in March 2015.

The DFS will focus on leveraging existing surface infrastructure, including the Driefontein 2 and 3, and Kloof 1 surface gold plants as well as the available uranium treatment capacity at the Ezulwini gold and uranium processing plant to sustain surface gold production prior to development (subject to approval) of the CPP. Our revised strategy focuses on developing the WRTRP in phases to allow for staged capital. The DFS will target capex and opex accuracy estimates of about 10%.

## BURNSTONE PROJECT

On 5 July 2013, Wits Gold announced to its shareholders that it had submitted a final binding offer (the Offer) to Peter van den Steen, the business rescue practitioner of SGEO, to acquire SGEO, the sole owner of Burnstone, located in South Africa's Mpumalanga province. The Offer was included in the business rescue plan that was approved by the creditors of SGEO on 11 July 2013.

All the outstanding conditions precedent were met on 1 July 2014, and Sibanye, through the acquisition of Wits Gold, took control (100%) of Burnstone from that date, also the date on which SGEO came out of business rescue. Sibanye acquired all of the shares of SGEO together with all shareholders and inter-group loans against SGEO for a purchase consideration of approximately US$7.5 million.

Burnstone presents an attractive opportunity for Sibanye, from a strategic and operational perspective, in terms of the purchase of existing infrastructure, underground access and metallurgical plant, and favourable debt-funding terms.

A detailed study and review has derisked the orebody by way of:

- the application of appropriate and well-understood mining methods;
- immediate footwall development from multiple attack points;
- an achievable ramp-up profile benchmarked against similar operations; and
- further enhancement of the project economics without the requirement for material rework through orebody modelling and associated mine plan optimisation.

## COOKE 4 SECTION 189 PROCESS

In terms of Section 189 of the Labour Relations Act, a joint consensus-seeking process is prescribed in an attempt to, *inter alia*, reach consensus on implementing appropriate measures to minimise job losses.

Facilitated by the Commission for Conciliation, Mediation and Arbitration (CCMA), the Section 189 consultation process at Cooke, which began on 12 September 2014, culminated in an agreement with employees and organised labour on 12 November 2014.

The agreed measures required to return the shaft to sustainable profit included:

- an alternative work cycle at Cooke 4, implemented on 24 November 2014;
- reduction of 392 employees in the Cooke 4 mining employee complement (approximately 16% of a total of 2,403 employees);
- reduction of 38 employees at the Ezulwini plant (approximately 16% of a total of 238 employees);
- rationalisation of management structures at the Cooke operations;
- a moratorium on strike action in support of wage increases in 2015;
- a moratorium on external recruitment for the Cooke Operations;
- minimising the use of contractors; and
- ongoing monitoring in order to ensure successful implementation.

The outcome of these retrenchment avoidance measures is that, from a possible 1,776 employees at risk at Cooke 4, no forced retrenchments were implemented. The required reduction in the employee complement was primarily achieved through voluntary separation packages and voluntary early retirement. In order to minimise job losses, vacancies were filled at other Group operations and contractors were displaced where possible, and those positions were filled with affected employees from Cooke 4.

The alternative work cycle will result in better utilisation of the Cooke 4 asset as the mine will be worked Monday to Saturday (six days a week) every week as opposed to the existing 11-shift fortnight arrangement (11 shifts over 14 days). The net result of the implementation of the alternative work cycle will be an additional 22 working shifts per annum. Importantly, an additional 213 jobs were saved due to additional employees required to accommodate the extra shifts. It was also agreed that operations would continue to operate over four of the statutory public holidays. The forecast net impact of implementing the alternative work cycle is to increase profitability at Cooke 4 by approximately R40 million to R50 million per annum (assuming a gold price range of between R415,000/kg and R470,000/kg).

# MANUFACTURED CAPITAL AND INTELLECTUAL CAPITAL
CONTINUED

## DRIEFONTEIN

**Located on the Far West Rand, in the mining district of Oberholzer, some 70km south-west of Johannesburg in the province of Gauteng, South Africa, Driefontein operates under new order mining rights covering a total of 8,561ha. It is an underground mine with surface reserves represented by rock dumps and tailings storage facilities that have accumulated throughout the operating history of the mine.**

### 2014 OPERATIONAL STATISTICS

| | |
|---|---|
| MAIN DEVELOPMENT<br>17,376m<br>2013: 17,751m | UNDERGROUND: 17,376m<br>2013:17,751m |
| AREA MINED<br>374,914m²<br>2013: 397,579m² | UNDERGROUND: 374,914m²<br>2013: 397,579m² |
| TONS MILLED<br>5,364,000t<br>2013: 5,310,000t | SURFACE: 2,867,000t<br>2013: 2,783,000t<br>UNDERGROUND: 2,497,000t<br>2013: 2,527,000t |
| YIELD<br>3.31g/t<br>2013: 3.54g/t | SURFACE: 0.49g/t<br>2013: 0.66g/t<br>UNDERGROUND: 6.54g/t<br>2013: 6.70g/t |
| GOLD PRODUCED/SOLD<br>17,735kg (570,200oz)<br>2013: 18,775kg (603,600oz) | SURFACE: 1,406kg (45,200oz)<br>2013: 1,848kg (59,400oz)<br>UNDERGROUND: 16,329kg (525,000oz)<br>2013: 16,927kg (544,200oz) |

### COSTS AND MARGINS

OPERATING COST
R916/t
2013: R919/t

SURFACE: R169/t
2013: R165/t

UNDERGROUND: R1,773/t
2013: R1,750/t

OPERATING PROFIT
R2,917m
2013: R3,282m

OPERATING MARGIN
37%
2013: 40%

CAPITAL EXPENDITURE
R1,149m
2013: R1,023m

SUSTAINING: R465m
2013: R320m

ORE RESERVE DEVELOPMENT: R684m
2013: R703m

ALL-IN COST
R357,333/kg (US$1,027/oz)
2013: R332,660/kg (US$1,078/oz)

ALL-IN COST MARGIN
19%
2013: 23%

TOTAL CASH COST
R283,129/kg (US$814/oz)
2013: R265,997/kg (US$862/oz)

Driefontein has six operating shaft systems and three metallurgical plants, and operates at depths of between 700m and 3,420m below surface.

Driefontein has access to the extensive national electricity grid and to water, road and rail infrastructure. Located near regional urban centres where it can routinely obtain supplies, the mine was formed from the consolidation of the East Driefontein and West Driefontein mines in 1981.

### GEOLOGY

Gold mineralisation at Driefontein is contained within three reef horizons: the Carbon Leader Reef, the Ventersdorp Contact Reef (VCR) and the Middelvlei Reef (MVR), which occur at depths of between 500m and 4,000m.

Stratigraphically, the Carbon Leader is situated 40m to 70m below the VCR and MVR, and is a generally high-grade reef comprising different facies. It dips to the south at approximately 25 degrees.

The Carbon Leader sub-crops against the VCR in the eastern part of the mine. The west-dipping Bank Fault defines the eastern limit of both reefs. The VCR is most extensively developed in the east, and sub-crops to the west. The MVR is a secondary reef, situated approximately 50m above the Carbon Leader and, at present, is a minor contributor to reserves and production. The average gold grades vary with lithofacies changes in all of the reefs.

### INFRASTRUCTURE

| Shaft system | Hoisting capacity |
|---|---|
| No 1 | 55,000tpm |
| No 2 | 165,000tpm |
| No 4 | 57,000tpm |
| No 5 | 159,000tpm |
| No 6* | 26,000tpm |
| No 8 | 55,000tpm |

** Shaft No 6 Tertiary and 6 Main are currently only operated on a limited scale with focus on reclamation and cleaning while shaft No 10 remains a pumping facility.*

| Processing plant | Capacity | Recovery factor |
|---|---|---|
| No 1 plant | 240,000tpm | 97% |
| No 2 plant | 180,000tpm | 90% |
| No 3 plant | 100,000tpm | 79% |

No 1 plant, upgraded in 2004, has processing capacity of 240,000tpm and treats underground ore from the Driefontein shafts. The upgraded circuit at No 1 plant consists of a semi-autogenous (SAG) mill circuit followed by cyanide leaching, carbon-in-pulp (CIP) and a central Zadra elution facility.

Driefontein surface rock dump (SRD) material is delivered to No 2 plant by rail and truck to the plant feed bunkers. Plant flow incorporates two SAG mills and a ball milling circuit, cyanide leaching and a CIP plant.

Commissioning of a carbon-in-leach (CIL) circuit was done in 2014 at No 2 plant to replace the aging CIP circuit, which will improve recoveries and enable treatment of more complex material.

No 3 plant, originally commissioned as a uranium plant, was converted to a low-grade surface rock-treatment gold plant in 1998. The plant was constructed using a combination of new as well as existing equipment on site. Similar to No 2 plant, ore is received from SRDs by rail and truck. The plant has four SAG mills followed by cyanide leaching and CIP.

Loaded carbon from the No 2 and No 3 plants is trucked to No 1 plant and processed at the central elution and smelting facility.

### 2014 PERFORMANCE

Gold production at Driefontein decreased by 6% to 17,735kg (570,200oz) in 2014. The average yield decreased from 3.54g/t to 3.31g/t due to a decrease in underground volumes and grade.

Underground ore milled decreased by 1% to 2,497,000t. A fire in the first half of the year resulted in the loss of 40 shifts and lost production of approximately 510kg.

The cost of underground ore milled at R1,773/t was only 1% higher year-on-year despite the lower volumes. Main development decreased by 2% to 17,376m and on-reef development of 3,940m was 10% lower, as planned mainly at Masakhane shaft.

Cost-saving initiatives, including a reduction in employees in service and less reliance on contractors mostly offset the above-inflation increases in electricity and wages, and resulted in underground operating costs increased by at R4,428 million in 2014.

Underground operating profit decreased by 5% to R2,773 million as a result of the lower underground gold production and the increase in costs. The underground operating margin decreased from 40% in 2013 to 39% in 2014.

Lower grades at the surface operations, partially offset by an increase in throughput, accounted for the decline in gold production from the surface operations by 24% to 1,406kg (45,200oz).

Capital expenditure increased by 12% to R1,149 million. Capital was predominantly spent on ORD, mining equipment and stabilisation of the shaft barrel at the Ya Rona shaft during the December break and the installation of a carbon-in-leach (CIL) circuit at the Driefontein No 2 plant, which was commissioned at the end of 2014.

# MANUFACTURED CAPITAL AND INTELLECTUAL CAPITAL
CONTINUED

## KLOOF

**Located in the Far West Rand mining district of Westonaria, some 60km south-west of Johannesburg in Gauteng province, South Africa, Kloof's mining rights cover a total of approximately 20,100ha. It is principally an underground mine with nominal surface reserves represented by surface rock dumps and tailings storage facilities accumulated during the operating history of the mine.**

### 2014 OPERATIONAL STATISTICS

| | | |
|---|---|---|
| MAIN DEVELOPMENT<br>18,743m<br>2013: 19,331m | UNDERGROUND: 18,743m<br>2013:19,331m | |
| AREA MINED<br>304,930m²<br>2013: 300,985m² | UNDERGROUND: 304,930m²<br>2013: 300,985m² | |
| TONS MILLED<br>4,653,000t<br>2013: 4,223,000t | SURFACE: 2,670,000t<br>2013: 2,325,000t | UNDERGROUND: 1,983,000t<br>2013: 1,898,000t |
| YIELD<br>3.66g/t<br>2013: 3.78g/t | SURFACE: 0.52g/t<br>2013: 0.62g/t | UNDERGROUND: 7.89g/t<br>2013: 7.66g/t |
| GOLD PRODUCED/SOLD<br>17,038kg (547,800oz)<br>2013: 15,977kg (513,700oz) | SURFACE: 1,385kg (44,500oz)<br>2013: 1,444kg (46,400oz) | UNDERGROUND: 15,653kg (503,300oz)<br>2013: 14,533kg (467,300oz) |

### COSTS AND MARGINS

| | | | | |
|---|---|---|---|---|
| OPERATING COST<br>R968/t<br>2013: R971/t | SURFACE: R156/t<br>2013: R146/t | UNDERGROUND: R2,061/t<br>2013: R1,982/t | OPERATING PROFIT<br>R3,001m<br>2013: R2,854m | OPERATING MARGIN<br>40%<br>2013: 41% |
| CAPITAL EXPENDITURE<br>R1,236m<br>2013: R1,304m | SUSTAINING: R356m<br>2013: R460m | ORE RESERVE DEVELOPMENT: R880m<br>2013: R844m | ALL-IN COST<br>R352,624/kg (US$1,014/oz)<br>2013: R353,884/kg (US$1,147/oz) | ALL-IN COST MARGIN<br>20%<br>2013: 19% |
| TOTAL CASH COST<br>R271,282/kg (US$780/oz)<br>2013: R261,570/kg (US$847/oz) | | | | |

Kloof is an intermediate to ultra-deep level mine with operating depths of between 1,300m and 3,500m below surface. The mine, situated near regional urban centres where it can routinely obtain supplies, has access to the national electricity grid and to water, road and rail infrastructure. Kloof's existing scope of operations is the result of the consolidation of the Kloof, Libanon, Leeudoorn and Venterspost mines in 2000. Gold mining began in the area now covered by these operations in 1934.

### GEOLOGY

Kloof is located on the West Wits Line that forms the Far West Rand of the Witwatersrand Basin. The bulk of ore extraction at Kloof is focused on the VCR, which occurs at depths of between 1,300m and 3,350m below surface. The VCR is a tabular orebody, with a general northeast-south-west strike, that dips to the south-east at between 20 and 45 degrees. The MVR is classified as Kloof's secondary reef and further minor production volumes are delivered from the Kloof and the Libanon reefs.

Kloof's underground workings lie between the Bank Fault to the west, and the north-trending West Rand Fault to the east. The latter truncates the VCR along the eastern boundary of the mine with a 1km to 1.5km upthrow to the east. Normal faults are developed sub-parallel to the west-dipping West Rand Fault with sympathetic north/north-east trending dykes that show little or no apparent offset of the stratigraphy. A conjugate set of faults and dykes occurs on a west/south-west trend with throws of 1m to 50m. Structures that offset the VCR increase in frequency toward the southern portion of the mine as the Bank Fault is approached.

### INFRASTRUCTURE

Kloof's operations comprise five producing shafts systems and two gold metallurgical plants.

| Shaft system | Hoisting capacity |
|---|---|
| No 1 | 100,000tpm |
| No 3 | 36,000tpm |
| No 4 | 82,000tpm |
| No 7 | 32,000tpm |
| No 8 | 13,000tpm |

KP1 was commissioned in 1968 and originally designed as a reef plant. It currently treats ore from SRDs. The plant comprises three-stage crushing, open-circuit rod mills for primary grinding and closed-circuit pebble mills for secondary milling. This is followed by cyanide leaching, filtration, zinc precipitation and smelting. In June 2001, a CIP pump cell was installed to replace the less-efficient filtration and zinc precipitation, and smelting was discontinued. Loaded carbon is transported by truck to KP2 for treatment at an independent elution facility. In 2013, all crushing was stopped, the secondary crushing circuit was bypassed and modifications were made to the conveyor feed ore-delivery system with the addition of an overland conveyor completed to allow screened material from the SRDs to feed the mill silos directly.

In November 1990, KP2 was commissioned and currently treats all of Kloof's underground ore. Reef is trucked and conveyed to a central stacker pad, which feeds two SAG mills equipped with variable-speed ring motor drives. Milling is followed by cyanide leaching, CIP and treatment at an independent elution and smelting facility. The elution facility was upgraded in June 2001 and again in October 2003 to process loaded carbon from KP1 and the former KP3 (Libanon) plant. The upgrade included the installation of continuous electrowinning sludge reactors.

| Processing plant | Capacity | Recovery factor |
|---|---|---|
| KP1 | 180,000tpm | 90% |
| KP2 | 165,000tpm | 98% |

### 2014 PERFORMANCE

Gold production increased by 7% to 17,038kg (547,800oz) in 2014. In addition to an improvement in underground yields, there was an increase in volume.

Underground ore milled increased by 4% to 1,983,000t and the underground yield increased by 3% to 7.89g/t due to a reduction in mining from marginal areas, together with an improvement in the mine call factor. The cost of underground ore milled increased by 4% to R2,061/t in 2014.

On-reef development increased by 12% to 3,989m and main development decreased by 3% to 18,743m as planned. The average development value decreased to 1,637cm.g/t from 1,875cm.g/t as a result of an increase in secondary reef development in order to delineate payable areas.

Operating costs increased by 10% to R4,502 million as a result of above-inflation increases in electricity and wages and the increase in throughput, partly offset by cost-saving initiatives.

The increase in production more than offset the higher operating costs, resulting in a 5% increase in operating profit to R3,001 million. The operating margin was maintained at around 40%.

Underground operating profit increased by 9% to R2,800 million as a result of the 7% increase in production and the marginally higher gold price. The underground operating margin was maintained at 41%.

Surface throughput increased by 15% to 2,670,000t including the Python plant which was commissioned in August 2013. However, as a result of lower processing grades and higher ore reclamation and feed costs, the Python plant was discontinued in July 2014. The yield from the surface operations decreased to 0.52g/t from 0.62g/t in 2013.

Capital expenditure of R1,236 million was 5% lower in 2014. Primarily due to the completion of the Python plant in 2013. Capital was mainly spent on ORD, safety systems and general equipment upgrades.

# MANUFACTURED CAPITAL AND INTELLECTUAL CAPITAL
CONTINUED

## BEATRIX

**Located in the Free State province of South Africa, some 240km south-west of Johannesburg, near Welkom and Virginia, Beatrix operates under mining rights covering a total area of 16,821ha. Beatrix is principally an underground mine with nominal surface reserves represented by surface rock dumps accumulated during the operating history of the mine.**

### 2014 OPERATIONAL STATISTICS

| | |
|---|---|
| MAIN DEVELOPMENT 19,733m 2013: 17,531m | UNDERGROUND: 19,733m 2013:17,531m |
| AREA MINED 384,701m² 2013: 434,438m² | UNDERGROUND: 384,701m² 2013: 434,438m² |
| TONS MILLED 4,546,000t 2013: 4,091,000t | SURFACE: 1,975,000t 2013: 1,720,000t |
| | UNDERGROUND: 2,571,000t 2013: 2,371,000t |
| YIELD 2.28g/t 2013: 2.38g/t | SURFACE: 0.38g/t 2013: 0.31g/t |
| | UNDERGROUND: 3.74g/t 2013: 3.88g/t |
| GOLD PRODUCED/SOLD 10,354kg (332,900oz) 2013: 9,722kg (312,600oz) | SURFACE: 751kg (24,200oz) 2013: 527kg (17,000oz) |
| | UNDERGROUND: 9,603kg (308,700oz) 2013: 9,195kg (295,600oz) |

### COSTS AND MARGINS

| | |
|---|---|
| OPERATING COST R705/t 2013: R731/t | SURFACE: R77/t 2013: R84/t |
| | UNDERGROUND: R1,187/t 2013: R1,201/t |
| OPERATING PROFIT R1,362m 2013: R1,223m | |
| OPERATING MARGIN 30% 2013: 29% | |
| CAPITAL EXPENDITURE R548m 2013: R537m | SUSTAINING: R102m 2013: R201m |
| | ORE RESERVE DEVELOPMENT: R446m 2013: R336m |
| ALL-IN COST R378,008/kg (US$1,087/oz) 2013: R377,206/kg (US$1,222/oz) | |
| ALL-IN COST MARGIN 14% 2013: 13% | |
| TOTAL CASH COST R313,888/kg (US$902/oz) 2013: R306,593/kg (US$993/oz) | |

Beatrix has three operating shaft systems with two ventilation shafts to provide additional upcast and downcast ventilation capacity. The mine is serviced by two metallurgical plants.

Beatrix is a shallow to intermediate depth operation, mining at depths of between 700m and 2,200m below surface. Situated near regional urban centres where it can routinely obtain supplies, the mine has access to the national electricity grid and to water, road and rail infrastructure.

The existing scope of operations is the result of the consolidation on 1 July 2002 of the adjacent Beatrix and Oryx mines (No 4 shaft, also known as West Section).

Gold mining began at Beatrix in 1985 and at Oryx in 1993.

### GEOLOGY

Beatrix exploits the Beatrix Reef (BXR) at shafts 1, 2 and 3, and the Kalkoenkrans Reef (KKR) at shaft No 4. The reefs are developed on the Aandenk erosional surface, and dip to the north and north-east at between four and nine degrees.

In general, the BXR occurs at depths of between 570m and 1,380m and the KKR at depths of between 1,800m and 2,200m. Both reefs are markedly channelised and consist of multi-cycle, upward-fining conglomerate beds with sharp erosive basal contacts.

A general east-west trending pay zone, some 500m to 800m wide, has been identified east of shaft No 4 and is known as the main channel. Zone 5 extends south of the main channel and contains the majority of the reserves at the operation.

Processing occurs by way of CIL and CIP treatment at the No 1 and No 2 plants respectively. In 2004, a Knelson concentrator was installed at No 1 plant to remove gold early in the metallurgical process. A gravity concentrating circuit, which was commissioned in November 2006, was installed at No 2 plant in order to reduce locked-up gold in the mills and to improve the overall recovery.

### INFRASTRUCTURE

| Shaft system | Hoisting capacity |
|---|---|
| No 1 and No 2 | 50,000tpm |
| No 3 | 170,000tpm |
| No 4 | 40,000tpm |

| Processing plant | Capacity | Recovery factor |
|---|---|---|
| No 1 plant | 243,000tpm | 96% |
| No 2 plant | 130,000tpm | 96% |

### 2014 PERFORMANCE

Gold production increased by 7% to 10,354kg (332,900oz) in 2014. This was primarily due to normalisation of production at the Beatrix West Section, which was severely impacted by an underground fire in 2013.

Underground ore milled increased by 8% to 2,571,000t in 2014 due to recovery at Beatrix West Section. The underground yield was marginally lower at 3.74g/t as planned. Unit costs decreased by 1% to R1,187/t.

To improve flexibility, management's focus on on-reef development resulted in improvements of 42% to 6,120m across all the sections. Also, due to the redevelopment of the West Section, which essentially stopped in 2013, main development of 19,733m increased by 13%. The average development value increased marginally to 1,034cm.g/t from 1,012cm.g/t despite development in lower-grade areas at the North section in order to improve flexibility and the mining mix.

Underground operating costs increased by 7% to R3,052 million, reflecting the higher production volumes, mostly from the Beatrix West Section. Underground operating profit increased by 3% to R1,177 million as a result of the increase in gold production, which offset the higher operating costs. The underground operating margin decreased from 29% to 28% in 2014.

Capital expenditure increased by 2% to R548 million in 2014. The increase was predominantly due to the resumption of ORD at Beatrix West Section.

# MANUFACTURED CAPITAL AND INTELLECTUAL CAPITAL
CONTINUED

## COOKE

**Located near Randfontein, approximately 30km south-west of Johannesburg in the province of Gauteng, South Africa, the Cooke Underground operations comprise four vertical shafts (Cooke 1 to 4 and the Ezulwini plant) as well as the surface operation, which are serviced by a developed network of mining and civil infrastructure with adequate electricity and water supplies.**

### 2014 OPERATIONAL STATISTICS (SINCE INCORPORATION ON 15 MAY 2014)

| | | |
|---|---|---|
| MAIN DEVELOPMENT | 9,508m | UNDERGROUND: 9,508m |
| AREA MINED | 175,627m² | UNDERGROUND: 175,627m² |
| TONS MILLED | 3,672,000t | SURFACE: 2,779,000t |
| | | UNDERGROUND: 893,000t |
| YIELD | 1.17g/t | SURFACE: 0.21g/t |
| | | UNDERGROUND: 4.16g/t |
| GOLD PRODUCED/SOLD | 4,305kg (138,400oz) | SURFACE: 586kg (18,800oz) |
| | | UNDERGROUND: 3,719kg (119,600oz) |

### COSTS AND MARGINS

| | | | |
|---|---|---|---|
| OPERATING COST<br>R461/t | SURFACE: R82/t<br>UNDERGROUND: R1,641/t | OPERATING PROFIT<br>R189m | OPERATING MARGIN<br>10% |
| CAPITAL EXPENDITURE<br>R230m | SUSTAINING: R52m<br>ORE RESERVE DEVELOPMENT: R117m<br>PROJECTS: R61m | ALL-IN COST<br>R461,045/kg (US$1,325oz) | ALL-IN COST MARGIN<br>(6)% |
| TOTAL CASH COST<br>R395,168/kg (US$1,136/oz) | | | |

The Cooke mines are shallow (~1,000m), with limited seismicity or heat challenges.

The Cooke 1, 2 and 3 mines are serviced by a developed network of mining and civil infrastructure with adequate electrical power and readily available water. The underground orebodies are exploited by means of conventional hard rock mining methods.

Access to the uranium Ezulwini plant allows for near-term production of uranium from underground ore mined at Cooke as a by-product.

### GEOLOGY

The primary mining horizons at Cooke 1 to 3 are the Upper Elsburg Reef and VCR. These reefs are hosted in a stacked package with reef thickness increasing from west to east across the lease area.

Cooke 4 exploits two primary tabular orebodies, approximately 400m vertically apart. The Upper Elsburg orebody, where the majority of mining has been done to date, is primarily gold-bearing, while the Middle Elsburg orebody is a gold- and uranium-bearing deposit that has been less extensively mined.

### INFRASTRUCTURE

Cooke has four producing shaft systems as well as three metallurgical plants with further metallurgical treatment provided by Doornkop, a processing plant owned by Harmony.

The Cooke plant was constructed in 1978 and initially treated the high-grade ores from the adjacent Cooke shafts. The plant had a nameplate capacity of 280,000 tons per month for underground ores.

In 2005, the reef plant was converted to a sand treatment plant. The high-grade gold-bearing ore from the Cooke 1, 2 and 3 shafts was diverted and toll treated at the Doornkop plant, which is presenting a volume economy of scale benefit. The mills at the Cooke plant were subsequently converted to treat the sand from Dump 20. The Cooke optimisation project, commissioned in January 2014, increased the plant throughput to 400,000tpm and converted the plant to treat hydrologically reclaimed slime-feed from the Dump 20 and Lindum tailings storage facility. Cooke 3 mixed gold and uranium ore and all of Cooke 4 ore is treated at the Ezulwini plant.

Dump 20 arose from tailings from stamp milling technology that was employed at the Millsite gold plant, which was commissioned in 1911. The battery of stamp mills could not fine grind the ore to effectively extract all the contained gold, resulting in relatively high grades on Tailings Dam 20. Today the Randfontein surface operations process Dump 20 at a rate of approximately 300,000 tons per month producing some 32,000oz per annum.

| Shaft system | Hoisting capacity |
|---|---|
| No 1 | 13,500tpm |
| No 2 | 28,500tpm |
| No 3 | 55,000tpm |
| No 4 | 45,000tpm |

| Processing plant | Capacity | Recovery factor |
|---|---|---|
| Cooke plant | 400,000tpm | 61% |
| Ezulwini gold plant | 150,000tpm | 96% |
| Ezulwini uranium plant | 50,000tpm | 79% |

### 2014 PERFORMANCE

Gold production of 4,305kg (138,400oz) for the seven months ended 31 December 2014 since acquisition reflects good recovery from safety related operational disruptions in the March 2014 quarter.

Underground ore milled was 893,000t in 2014. The underground yield was 4.16g/t. Unit costs were R1,641/t.

Operating costs for 2014 were R1,693 million. An operating profit of R189 million was recorded in 2014. The operating margin was 10% and Cooke made a positive contribution to Group operating cash flow after capex.

Capital expenditure in 2014 was R230 million. The majority of capital was spent on ORD and infrastructure for the uranium plant.

# SOCIAL AND RELATIONSHIP CAPITAL

## HOW WE SEE IT?

**Social and relationship capital is an integral component of the value of our business. It involves the business itself, the formal and informal entities and institutions associated with it, as well as the relationships with and between employees, communities and other stakeholders.**

### INTEGRATED APPROACH TO COMMUNITY DEVELOPMENT

Our integrated approach to community development projects and corporate social investment ensures ongoing involvement, monitoring and measurement of progress and success from community engagement (such as Social and labour plan forums at operational level), escalating up the governance structure, through focused committees, to Board level.

**Material Stewardship and Supply Chain Management Policy:** www.sibanyegold.co.za/the-group/governance/executive-committee

**Our Community and Indigenous Peoples Policy can be found at** www.sibanyegold.co.za/the-group/governance/executive-committee

**Case studies:** http://reports.sibanyegold.co.za/2014/#case-studies

**Projects in 2014 and planned for 2015:** pages 94 to 99

**Stakeholder engagement:** page 41

**Housing and accommodation:** page 71

**In this section, we address:**

1. COMMUNITY DEVELOPMENT
2. STAKEHOLDERS, OBJECTIVES AND ISSUES
3. LOCAL ECONOMIC DEVELOPMENT (LED) PROJECTS

**Sibanye's vision is to create superior value for all our stakeholders through a culture of caring.**

What we mean…

- We care about all of our stakeholders (employees, shareholders, communities and government), the environment, our future, the company and safe production.
- We acknowledge our role in the development of the communities within which we operate in order to sustain the business.
- We are acutely aware of the socio-economic challenges faced by communities around our mining operations, and the remote rural areas of South Africa and the Southern African Development Community (SADC) as we source 29% of our workforce from these labour-sending areas.
- Our approach to community development is premised on our recognition that our impact goes beyond the workplace and that our long-term sustainability is linked with that of our communities – hence our approach to community development is underpinned by our CARE philosophy, which is about using resources appropriately in responding to community needs, identifying key partnership opportunities and streamlining our efforts to ensure tangible and sustainable impact.
- Our strategy is also keenly focused on addressing risks to society from our operating activities by managing our direct and indirect impacts. We do this by implementing a robust stakeholder engagement strategy that responds to community needs; creating opportunities for employment, local vendors, the procurement of goods and services, and directing tangible development benefits to communities.

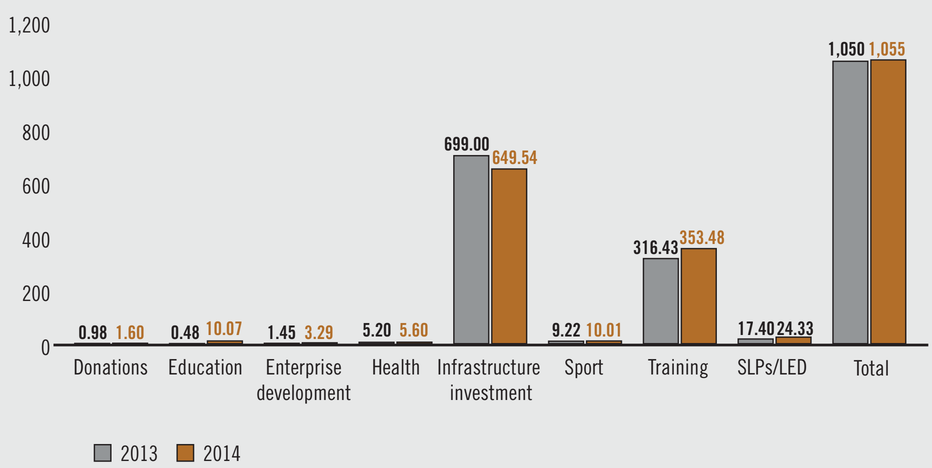
### GOVERNANCE OF COMMUNITY DEVELOPMENT AND CORPORATE SOCIAL INVESTMENT (CSI)

## SOCIO-ECONOMIC DEVELOPMENT (SED) EXPENDITURE

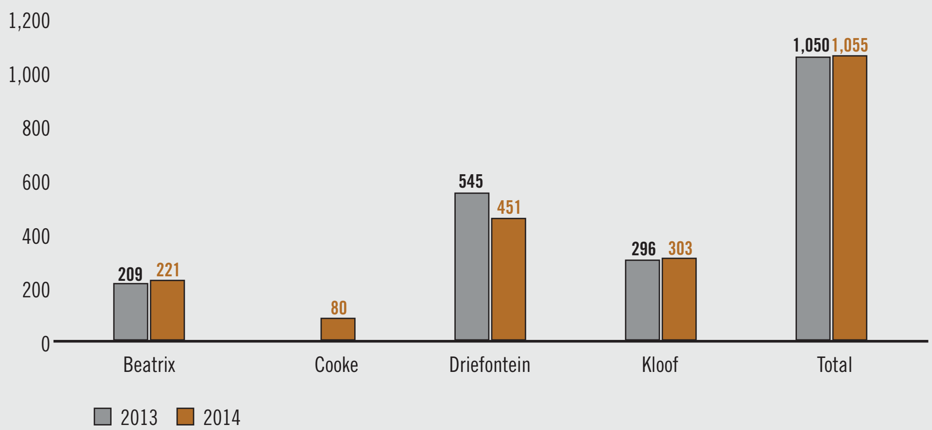
# R1,054.6 million

2011: **R670 million** 2012: **R853 million** 2013: **R1,050 million**

**Socio-economic development expenditure (R million)**




**Socio-economic development expenditure per operation (R million)**



# SOCIAL AND RELATIONSHIP CAPITAL
CONTINUED

## 1 COMMUNITY DEVELOPMENT
We restructured our Sustainable Development units to form separate Community Engagement and Development units, governed by Corporate Affairs. The Community Engagement unit was established to focus specifically on community development and stakeholder engagement.

Prior to these changes, community engagement and development, which includes corporate social investment, was undertaken by each operation while local economic development projects were also partially managed and overseen by the Sustainable Development unit, based at our corporate office.

The primary focus of our Community Engagement and Development unit is on our communities, which are directly impacted by our mining operations. We also endeavour to collaborate and partner with other mining companies and municipalities to deliver projects in labour-sending areas. We allocate resources to eligible communities in terms of their proximity to mining operations and the degree of mining impacts. To this end, our budget is apportioned in accordance with mining impacts as follows:

- primary or mine host communities: 80% of the annual community development budget. Primary or mine host communities comprise all the municipalities within Sibanye's footprint, as well as areas adjacent to the operations impacted directly by mining activities (such as Khutsong in Merafong, Bekkersdal near Westonaria, Theunissen in Masilonyana and Mohlakeng in Randfontein);
- secondary or major labour-sending communities: 20% of the annual community development budget. These are communities within South Africa from which a significant number of employees originate (such as the Eastern Cape and KwaZulu-Natal); and
- tertiary or Southern African Development Community (SADC) labour-sending communities: considered on a case-by-case basis within the prescribed budget if deemed strategically appropriate (such as Mozambique and Lesotho): Sibanye supports projects that address community needs and that have been identified and approved through a consultative process involving key stakeholders such as the Department of Mineral Resources, local and district municipalities, and the Sibanye Corporate Affairs team.

We distinguish local economic development and corporate social investment projects in terms of social and labour plan reporting. The social and labour plan reports only consider local economic development projects while the Mining Charter is more comprehensive, covering both local economic development and corporate social investment project requirements. Local economic development projects are socio-economic interventions that harness local resources for the purpose of broadening the economic base of the host and labour-sending areas. These are high-value community projects such as infrastructure development (for example, schools and clinics) as well as projects aimed at diversifying the economy of the areas in which we operate in order to create sustainable livelihoods that will endure long after the mines have reached their economic life. We therefore focus on high-impact local economic development projects required by the Minerals and Petroleum Resources Development Act as a priority before we address corporate social investment projects that attend to broad and generally short-term community needs. Corporate social investment needs are expressed mainly in the form of requests for community development funding and donations.

In order to contribute meaningfully in terms of size and impact to mine communities, we leverage benefits derived from partnering with our peers in the mining industry and other sectors, and thus address the broader challenges faced by communities. These benefits include, among others, consolidating the limited resources from various partners and channelling these resources towards a common socio-economic development vision for the community. Despite having to compete on other fronts, mining companies face similar challenges. These challenges include safety, health, preferential procurement, and social and community issues. Addressing these challenges effectively requires a collaborative approach to ensure greater optimisation of resources, economies of scale and sustained impact. As a result of our partnering and joint funding, the following projects will have far reaching impacts:

- infrastructure development at Simunye Secondary School in Bekkersdal and the Westonaria Further Education and Training (FET) College with Gold Fields' South Deep mine; and

- a waste management and recycling project in Merafong with AngloGold Ashanti and Harmony.

A review of the implementation and impact of Sibanye's local economic development projects in 2014 indicated that, while our projects were aligned with the local municipalities' integrated development plans (IDPs) and had been approved by the Department of Mineral Resources, they did not necessarily have the desired impacts on mining communities. The reasons for this are complex and inter-related, including the sheer magnitude of the challenges faced by communities, which often neutralises the impact of projects, or hampers their set-up. The responsibility to solve the challenges facing the communities close to Sibanye's operations cannot reside solely with the Group, we are aware that failing to make a meaningful and visible impact could threaten our sustainability.

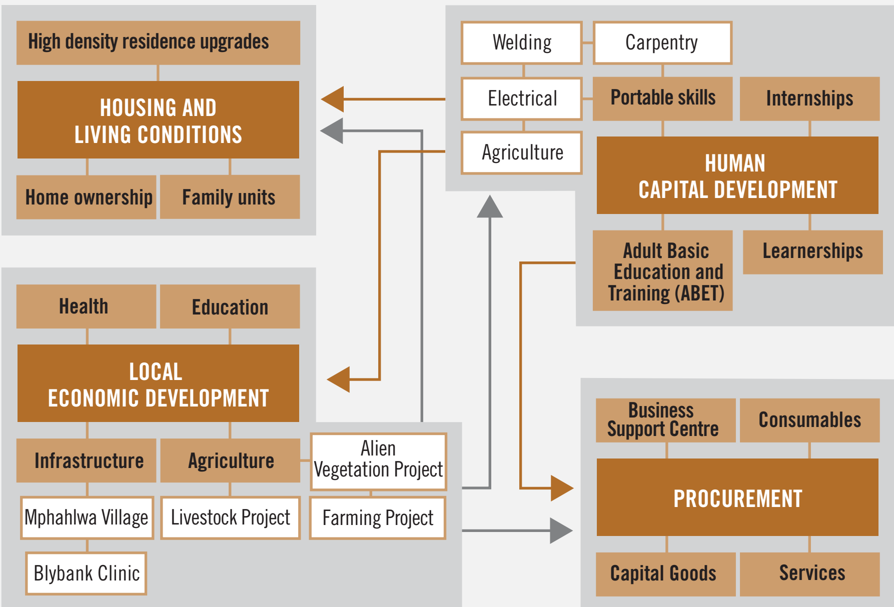
We have begun to interact directly with the communities' needs and the Group's strategic imperatives – for example, establishing critical infrastructure, such as healthcare clinics that assist with efforts to eradicate diseases such as tuberculosis (TB) and community programmes initiated by the Department of Health.

The focus of our community development programme is to address the priorities of the communities in order to minimise risk for Sibanye. Aligning these programmes with the development priorities of local municipalities can be mutually beneficial as illustrated below.

Our main stakeholders also include representatives of local government authorities, communities and government departments in our areas of operation. These stakeholders may have different priorities and expectations while we have limited resources. Our approach is thus to find common ground and to identify interventions that meet the requirements of all stakeholders to some degree but, more importantly, are recognised and approved by all parties.

Community development projects are funded through a local economic development fund, which is managed and operated by the Corporate Affairs department. Each mining operation contributes R3/oz of gold produced and 0.5% of net profit after tax (NPAT). In exceptional circumstances (where the requests for corporate social investment funding exceed R50,000), an application is submitted to the executive Sustaining Social Licence to Operate Committee for approval as per the community development and corporate social investment policy.

THE INTEGRATED NATURE OF THE SOCIAL AND LABOUR PLAN (DRIEFONTEIN AS AN EXAMPLE)



# SOCIAL AND RELATIONSHIP CAPITAL
CONTINUED

### 2 STAKEHOLDERS, OBJECTIVES AND ISSUES

All projects are underpinned by extensive stakeholder engagement which extends to social and labour plan projects to enable active participation and the necessary project buy-in at an early stage. Our long-term sustainability relies on establishing and maintaining sound relationships with a wide range of stakeholders, including individuals, groups, institutions and communities at large.

Through a formalised engagement process and direct engagement with our stakeholders, we can identify key issues within the community. We are therefore able to align and review the formal social and labour plan to incorporate projects that will have a high impact in our host communities. This is done through a formal Section 102 application, as per the Minerals and Petroleum Resources Development Act, and serves to change the existing commitments in the social and labour plans. The Section 102 application is a formal process of obtaining consent from the Minister of Mineral Resources to amend permits, rights, programmes or plans in documents such as social and labour plans, mining work programme and EMP, among others.

When the Cooke operations were acquired by Sibanye in May 2014, the Department of Mineral Resources called for certain misalignments, between the Cooke social and labour plans and the Group's operating model, to be addressed. Sibanye has a six-pronged operating strategy, which includes cost reduction, greater flexibility and capital optimisation. Within this context, we had to ensure that the Cooke social and labour plan commitments were achievable, affordable and cost-effective, and aligned with commitments stated in the other Sibanye social and labour plans. These and other concerns contained in the Section 93 directive and the Section 93 order issued by the Department of Mineral Resources following the compliance inspection in October 2013 were addressed during a workshop held with the Department of Mineral Resources.

As a result, an agreement was reached between the Department of Mineral Resources and Sibanye that the Cooke social and labour plans and social and labour plan implementation plans would be revised and aligned with the Sibanye operating model.

We also agreed to review possible offsets in cases where targets were unrealistic and had resulted in backlogs. One of the projects considered as an offset was the construction of the JS Skenjana Senior Secondary School in Idutywa, Eastern Cape. The need for the school had been identified by the former premier of the Eastern Cape.

A site visit to the proposed school was subsequently undertaken from 23 to 27 June 2014 by the Corporate Affairs team, the Gauteng and Eastern Cape regional offices of the Department of Mineral Resources, municipal councillors, the Eastern Cape Department of Education (DoE) and officials from the office of the premier of the Eastern Cape. The visit was aimed at providing a platform for stakeholders to engage about infrastructure projects planned to offset backlogs in all of Sibanye's local economic development projects, including those of the Kloof and Driefontein operations. The outcome of the site visit included:

- All Sibanye operations would assist in infrastructure development and project management for the proposed school. Funding for the project would be pro-rated according to the production profiles of each Sibanye operation and proportional representation of staff from the labour sending areas at each mine.
- The Eastern Cape DoE would provide specifications as per government's Accelerated Schools Infrastructure Delivery Initiative (ASIDI) safety norms and standards for school infrastructure, equipment, staffing and maintenance.
- The office of the premier of the Eastern Cape would facilitate land allocation.
- National Treasury would assist with funding.
- The Mbhashe Local Municipality would provide services to the site.
- A memorandum of agreement (MoA) would be signed by all stakeholders prior to the commencement of the project.

**"Our long-term sustainability is based on establishing and maintaining** sound and respectful relationships"

### 3 LOCAL ECONOMIC DEVELOPMENT (LED) PROJECTS

We commenced a number of projects in 2014, some of which were completed with the remainder carried forward for completion during the course of 2015/16 in accordance with the implementation plans of the social and labour plan relating to each operation.

Where the Cooke operations are concerned, projects not included within the revised social and labour plans but for which commitments are outstanding, negotiations are in progress to conclude a memorandum of understanding with the relevant municipalities that would consider alternative high-impact projects in lieu of those unlikely to be self-sustainable in the long term and which have limited benefits for the intended communities.

Certain projects described in our 2013 Integrated Annual Report were discontinued in 2014 as they did not comply with the self-sustainability requirements and our high-impact strategy for development projects, and the respective social and labour plans were revised accordingly. The key challenge experienced in most of the projects undertaken in 2014 was the time taken in engaging with communities and other key stakeholders, due mainly to the wide area of impact of the operations. Project implementation without community engagement and buy-in is detrimental to the sustainability of the project. Community engagement is, by nature, time-consuming and may delay implementation and commissioning of projects if there is no buy-in. In late 2014, as part of our new community engagement and development strategy, we began establishing community engagement structures to promote continuous dialogue with host communities and municipal structures in order to reduce the time taken to facilitate development interventions, and to obtain consensus on project implementation.

Operationally, detailed feasibility assessments on projects already underway are being done, in order to avoid delays in commissioning and implementing new community development projects. Responsible exit strategies must also be considered. Turnaround strategies for some of these projects will be developed and implemented in 2015 while focus is maintained on the high-impact nature of projects. It is important to note that the social and labour plan is a “living document” so changes can be made to the project scopes; additional projects can be included where these are seen to be relevant to local economic and community development.

### REVITALISING DISTRESSED MINING COMMUNITIES

With a view to eventual mine closure, and after extensive engagement with local, provincial and national government, we have changed our approach from building individual houses and upgrading high density residences for employees to establishing houses in standalone villages that would be integrated into the housing strategies of the respective local municipalities.

In October 2012, President Jacob Zuma announced a Special Presidential Package to address the living conditions of mineworkers and the promotion of sustainable human settlements for all mining communities in the wake of the Marikana tragedy.

Government identified housing as an issue, which led to the problems at Marikana and which are reflected as a countrywide problem people continue to seek employment in areas without adequate investment and co-ordination of human settlement planning (which includes basic service delivery such as sanitation, electricity, refuse removals, supply of water, roads and other infrastructure, schools, healthcare facilities and police stations, as well as retail sites).

A task team was formed to bring government, business, organised labour and communities together to address the housing and municipal infrastructure needs in key mining areas of South Africa, such as Rustenburg, Lephalale, Emalahleni, Westonaria, Welkom, Klerksdorp and Carletonville. Public policy would then be developed to integrate mineworkers into sustainable human settlements.

This has since been defined as the Revitalisation of Distressed Mining Communities Project, and is aligned with the Mining Charter. The Mining Charter commits mining companies, in consultation with stakeholders, to establish measures to improve the standard of employee housing, including upgrading of high density residences, conversion of high density residences to family units and promotion of home ownership. This presents opportunities for alignment and collaboration between mining companies and the state.

Westonaria and Merafong in South Africa’s Gauteng province, and Welkom in the Free State, have been accorded priority status in the revitalisation programme. For example, Westonaria and, therefore, Sibanye’s Kloof and Cooke operations, will serve as a pilot project. Sibanye has adopted a proactive approach by engaging with the Office of the Presidency and its project management consultants at an early stage in the project in order to influence policy change and align Sibanye’s social and labour plans with government plans. The Corporate Affairs team has engaged representatives of Human Settlements to discuss constructive ways of eradicating informal settlements in mine host communities such as Merafong. Positively for the proposed Cooke local economic development projects, Randfontein Local Municipality has resolved to approve plans for the establishment of Bhongweni Township and Goldwest Village. Through the Bhongweni project, 280 existing houses will be allocated to current occupants who are employed by the Cooke 1, 2 and 3 operations and who will eventually become home owners in line with the Sibanye Home Ownership Scheme. A further 260 erven will be made available to developers for sale to private owners in order to develop an integrated settlement and move away from the concept of mine villages. The Goldwest project involves the establishment of a township by creating approximately 1,000 erven, of which 750 erven will be donated by Sibanye to Randfontein Local Municipality for local development. The project will benefit Sibanye’s Cooke 1, 2 and 3 employees as well as Randfontein residents.

This is an ongoing process and bodes well for Sibanye in terms of sustainable closure and creating stakeholder value through a culture of caring.

# SOCIAL AND RELATIONSHIP CAPITAL
CONTINUED

## PROJECTS IN 2014

| PROJECT | PERFORMANCE |
|---|---|
| **LIVESTOCK DEVELOPMENT AND IMPROVEMENT** | |
| This intervention seeks to add value to livestock farming within rural communities of the labour-sending region of the Eastern Cape, particularly areas where the majority of our employees originate. It is co-funded by Sibanye in partnership with the Alfred Nzo and Chris Hani district municipalities. Each Sibanye operation contributes to funding on a pro-rata basis in terms of production profile. | The project uses village link persons (VLPs) who have been set up as small, medium and micro enterprises (SMMEs), to supply animal health services, including vaccines, to livestock owners. It is implemented by the non-profit organisation (NPO) and implementing agent, Mngcunube Development Agency at a cost of R2.4 million a year, excluding contributions by the respective municipalities. |
| **WASTE RECYCLING IN MERAFONG** | |
| This project comprises a buy-back centre in Fochville, Gauteng, where recyclable waste is collected, separated and sold. The project is a partnership between Sibanye, Harmony, AngloGold Ashanti and the Merafong City Local Municipality. This is Phase 1 and other sites are planned for 2015. | The project has reached its break-even target of 100t of recyclables collected per month. A can compressor was acquired to process the significant stockpile and compost manufacture began in the latter part of 2014. A total of 12 portable vehicle-mounted skips were also custom made, and have been placed at shopping centres and business parks nearby, and rotated on a weekly basis or as required. The project partners have contributed R6 million since its inception in 2012 (R1 million from Sibanye in 2014). |
| **BLYBANK CLINIC** | |
| This healthcare initiative entailed construction of a clinic to address the health needs of the Blybank and neighbouring communities. A temporary satellite clinic was set up in 2006, operating one day a week and serving the local community, which comprises mainly mineworkers and their families. As the community increased in size, the number of service delivery days were extended to three per week. The facility then employed a professional nurse, an enrolled nurse and an assistant nurse. The permanent facility was completed in 2014. | The clinic is now fully operational. The deed of transfer from Sibanye to the Department of Health was registered on 25 June 2014 and ownership of the property was transferred to the Gauteng government. A total of R4.6 million was spent by Sibanye. |
| **MANAGEMENT OF INVASIVE ALIEN TREES AND BENEFICIATION** | |
| This poverty alleviation and biodiversity management project is a continuation of the invasive alien species eradication project that began in 2012. It will be expanded to include a permitted planting of trees that can be felled for commercial purposes in future. It has also spawned a beneficiation project for the production of charcoal for various end users. Sibanye plans to roll this out at each operation in the West Rand, including the municipalities of Randfontein, Westonaria and Merafong. Beneficiaries are chosen from each area in consultation with the respective municipality. | Operations fund the initial set-up and running costs, mapping of the alien tree species, and training of the SMMEs. Beneficiaries are chosen from the community, and the necessary equipment (such as chainsaws and PPE) is also sourced locally. A total of R6 million has been budgeted for the projects to be undertaken by each operation for the remainder of the current Social and labour plan period ending in 2016. Approximately R1 million was spent on this project in 2014. |
| **"YOU REAP WHAT YOU SOW"** | |
| This agriculture project is in the Cooke operations' Social and labour plan and is intended to create jobs for local community members in Mohlakeng through sustainable crop production. A total of 20ha of land owned by the Randfontein Local Municipality have been allocated to the project. Partners include the Randfontein Local Municipality and the Gauteng Department of Agriculture and Rural Development. | Sibanye has fenced off the project in the interests of security, and provided farm infrastructure, such as a shed, shade netting, an irrigation system and a tractor, among others. Beneficiaries have been trained in basic farm management. Small-scale crop production has already won awards for quality. Sibanye spent approximately R600,000 on this project in 2014. Plans are being accelerated to make this project self-sustaining by the end of 2015. |

**COMMUNITY DEVELOPMENT FOCUS AREAS**

- ✓ Economic development (infrastructure development, job creation, procurement and enterprise development, and SMME mentorship)
- ✓ Health
- ✓ Education
- ✓ Poverty alleviation
- ✓ Food security
- ✓ Women development
- ✓ Youth development
- ✓ Externalities (legislative, regulatory and political environment)

| OUTCOME | IMPACTS |
|---|---|
| The livestock mortality rate has been lowered while yield has increased in all instances. The breeding stock has improved to the extent that it can be auctioned alongside commercial farmers' breeds.<br><br>Farmers with stock of more than 500 will be referred to the Department of Agriculture for allocation of redistributed land. | Poverty alleviation, skills development and enterprise development are among the benefits of this project.<br><br>The implementing agent trained 13 independent VLPs and plans to train another 16 by the end of the programme in 2017. A total of 306 villages and 5,379 farmers are reached by this project. |
| The volume of waste transported to the municipal landfill sites has reduced and residents of the surrounding informal settlements have been incentivised to collect recyclables for immediate remuneration.<br><br>All of Sibanye's operations in the West Wits area contribute recyclable waste. Interest has been expressed to expand this project to other sites in Merafong. The planned exit strategy focuses on making this a self-sustaining project, which functions as a standalone business. | Poverty alleviation and a more positive environmental impact are among the benefits derived from this project, which employs 26 community members. An estimated 250 jobs have been created indirectly through the sale of recyclable waste to the buy-back centre. |
| The communities of Blybank, Vukusheshe, the Maseru informal settlement, as well as East Driefontein and Mooitooi (within the Merafong City Local Municipality) now have ready access to healthcare. | Healthcare infrastructure has been established, serving 2,656 patients under the age of five and 9,073 older than five by the end of 2014. The facility has 12 permanent staff members and three fixed contract employees, employed by the Department of Health. The official handover ceremony is planned for 2015. |
| Sibanye's exit from the project will entail:<br>• progressively reducing funding of resources;<br>• reducing management involvement when acceptable levels of capacity have been reached;<br>• arranging a third-party audit of the project's sustainability, including systems, policies and procedures;<br>• becoming an anchor client for the project;<br>• formally handing over the project to the community once it is self-sustaining from an operational perspective;<br>• providing access to land for permitted forestry and harvesting; and<br>• facilitation of a charcoal production and offtake. | Poverty alleviation, skills development and biodiversity management are among the benefits of this project. Models for self-sustaining businesses are being investigated. |
| A sustainability review is underway with a view to appointing an established implementation agent who will ensure economies of scale and contractual product off-take agreements as part of the project sustainability plan. | Poverty alleviation has been a major benefit of this project with 16 trained beneficiaries from the local Mohlakeng community (10 female and six male). |

# SOCIAL AND RELATIONSHIP CAPITAL
CONTINUED

## PROJECTS IN 2014

| PROJECT | PERFORMANCE |
|---|---|
| **AREDIRISANENG AGRICULTURAL CO-OPERATIVE** | |
| This project is in the agricultural district of Elandsfontein, Randfontein. It is a partnership between the local municipality, as the landowner, and the Gauteng Department of Agriculture and Rural Development, Sibanye and local beneficiaries. | The project phases included the build-up phase, where research was undertaken; stakeholders and beneficiaries were identified and selected; farm infrastructure and inputs/equipment were procured. This was followed by the operational phase, where beneficiaries were trained, while planting and selling began on a limited scale. Mentoring and coaching on farm maintenance and management are ongoing. Approximately R442,000 has been spent out of the allocated R2.1million budget. The service provider contract is being reviewed and synergies are being investigated. |
| **THUTO BOKAMOSO PRIMARY SCHOOL INFRASTRUCTURE UPGRADE** | |
| The school is situated within the Randfontein Local Municipality and involves upgrading of classrooms, ablution facilities, construction of a new school hall and kitchen. Work is being carried out in consultation and partnership with the Gauteng DoE. | The old hall was converted into a classroom and science laboratory. Work planned for 2015 includes the construction of a kitchen and ablution facilities. Sibanye has spent R1.4 million to date and has allocated another R1.3 million to the project. |
| **PERSONAL PROTECTIVE EQUIPMENT (PPE) MANUFACTURE** | |
| This project involves the establishment of a PPE clothing manufacturing facility to supply Sibanye's operations and other industries. Partners include the Westonaria Local Municipality, which has identified the project beneficiaries. | A facility has been secured and machinery has been purchased for the 15 beneficiaries to be employed in sewing, embroidery and manufacture. Following preliminary training towards the end of 2014, further training in garment making and technical skills training were facilitated – initially through Sibanye's portable skills programme and agreements with existing suppliers to uphold quality control required by the mines. The allocated budget is R2.3 million and R500,000 has been spent to date on equipment and training. |
| **MATHEMATICS AND SCIENCE PROGRAMME** | |
| A partnership between the Beatrix Operation, Free State DoE and the Kutlwanong Centre for Maths, Science and Technology, this intervention seeks to address the challenge of poor academic results in the schools within the region by providing extracurricular mathematics and science tutorials for learners and teachers. | In its second year, this programme has contributed to a 96.9% matric pass rate. At the end of the 2014 academic year, university entrance of 46.9% was achieved, which is higher than the national average of 28.3%. There were also 29 distinctions in mathematics and 29 in physical science. Approximately R2 million has been spent to date. Proposals are being finalised for the next three-year phase of an enhanced programme. |
| **SEKGWENG INTERMEDIATE SCHOOL UPGRADE** | |
| Upgrading and renovation of this school has been undertaken by Sibanye's Beatrix operation. This farm school is situated in Bultfontein within the Tswelopele Local Municipality of the Free State province. | Beatrix built three classrooms, ablution facilities and a kitchen for the school feeding scheme. A total of R1.6 million was spent on this project. |
| **STILTE PRIMARY FARM SCHOOL UPGRADE** | |
| The objective of this project was to provide new facilities, upgrade and renovate existing classrooms for learners and staff. The school is situated close to the Beatrix operation's Oryx shaft in the Matjhabeng Local Municipality. The Free State DoE, which requested this upgrade, is a partner in the project. | Beatrix upgraded water supply and built new ablution facilities and a kitchen for the school feeding scheme. Renovations were undertaken on the classroom and principal's office, and carports, paving and fencing were installed. A total of R550,000 has been spent on this project. |

| OUTCOME | IMPACTS |
|---|---|
| A sustainability review is planned for early 2015 with the aim of appointing an established implementation agent who will ensure economies of scale and contractual product off-take agreements as part of the project sustainability plan. | Poverty alleviation is a benefit of this project, which has 10 beneficiaries from the surrounding community. Adjacent land will be made available for expansion. |
| The facilities will be handed over to the Gauteng DoE by the end of 2015. The school governing body will be responsible for maintenance. | Infrastructure development for the benefit of at least 350 learners residing in the surrounding farming communities and Randfontein. The contractor and labourers have also been procured from the local community. |
| Initial off-take agreements with Sibanye's operations will ensure start-up sustainability until external supply has been secured with the assistance of the municipality. | The benefits of this project include poverty alleviation and skills development. Employment has been provided for at least 15 beneficiaries from communities around Westonaria and this number is expected to increase as production ramps up. The project will contribute towards the gross value added by Westonaria to the manufacturing sector of the country by creating self-sustaining producing entities. |
| The programme supports learners and teachers with tuition on Fridays, Saturdays, Sundays and public holidays throughout the year, as well as winter classes. Teaching material, study guides, science equipment, stationery and refreshments are provided to ensure that the environment is conducive to achieving the desired goals. | Skills development is a benefit of this project, which has reached 232 learners at four high schools in Virginia, 10 high schools in Welkom and 10 high schools in Odendaalsrus – all within the Matjhabeng Local Municipality of the Free State province. |
| The project was completed successfully and handed over to the Free State DoE. | Infrastructure development was a benefit of this project, which improved facilities to provide a conducive learning environment for 296 learners. |
| Handover to the Free State DoE is expected in the first quarter of 2015. | The benefits of this infrastructure development project include improvement of facilities and therefore a better learning environment for approximately 75 learners currently – many of them children of people employed by Sibanye. |

# SOCIAL AND RELATIONSHIP CAPITAL
CONTINUED

## PROJECTS PLANNED FOR 2015

| PROJECT | LOCATION | BUDGET (OPERATION) |
|---|---|---|
| Construction of JS Skenjana Senior Secondary School | Idutywa, **Eastern Cape province** | R10 million (R2 million from each Sibanye operation) |
| Incubation hubs for training of small, medium and micro enterprises (SMMEs) in construction of employee and municipal housing projects | • Mphahlwa Village, Merafong Local Municipality, **Gauteng province**<br>• Glenharvie, Westonaria Local Municipality, **Gauteng province**<br>• Bhongweni, Randfontein Local Municipality, **Gauteng province** | R3 million (Driefontein)<br>R4 million (Kloof)<br>R5.5 million (Cooke)<br>R3 million (Cooke) |
| Simunye Senior Secondary School (joint venture with Gold Fields' South Deep mine): provision of land and construction of two laboratories, including equipment | Bekkersdal, Westonaria Local Municipality, **Gauteng province** | R2 million (Kloof) |
| Westcol Further Education and Training (FET) satellite campus (joint venture with South Deep) | Bekkersdal, Westonaria Local Municipality, **Gauteng province** | R3 million (Kloof) |
| Science laboratory at Mamello Secondary School | Meloding Township, Matjhabeng Local Municipality, **Free State province** | R1 million (Kloof) |
| Mathematics laboratory at Embonisweni Primary School | Thabong Township, Matjhabeng Local Municipality, **Free State province** | R1.5 million (Beatrix) |
| School hall at Taiwe Secondary School | Theunissen, Masilonyana Local Municipality, **Free State province** | R6 million (Beatrix) |

| BENEFICIARIES | OUTPUTS | IMPACTS |
|---|---|---|
| • **1,612 learners** from five feeder schools in the area<br>• Local construction companies and labourers | • Improvement of facilities<br>• Upholding a track record of excellent matriculation results | • Education<br>• Infrastructure development<br>• Skills development |
| **Up to 50 people** from surrounding communities | Creation of SMMEs in the construction sector with accredited skills in various building disciplines, including brick making, plumbing, welding, plastering and carpentry, among others | • Skills development<br>• Poverty alleviation<br>• Eradication of informal settlements<br>• Employee home ownership in integrated settlements |
| • **Up to 1,500 learners** who are currently in prefabricated structures<br>• Local construction companies and labourers | • Improvement of facilities<br>• Upholding a track record of excellent matriculation results | • Education<br>• Infrastructure development<br>• Skills development |
| • **Up to 400 learners** initially<br>• Local construction companies and labourers | • Availability of facility and curriculum not provided by Sibanye Gold Academy<br>• Alleviate travel and accommodation expenses at distant colleges | • Education Infrastructure<br>• Cost savings and convenience for local residents |
| • **Up to 200 learners**<br>• Local construction companies and labourers | Additional facilities required, as identified by the Free State DoE | • Education<br>• Infrastructure development<br>• Skills development |
| • **Up to 200 learners**<br>• Local construction companies and labourers | Additional facilities required, as identified by the Free State DoE | • Education<br>• Infrastructure development<br>• Skills development |
| • **Up to 500 learners,** including from surrounding schools who will use the hall for matric exam sittings<br>• Local construction companies and labourers | • Additional facilities required as identified by the Free State DoE<br>• Following the request in December 2014, Sibanye will endeavour to complete construction in time for the 2015 matric exam sitting | • Education<br>• Infrastructure development<br>• Community development |

# NATURAL CAPITAL

## HOW WE SEE IT?

**The natural capital at our disposal includes water, land, energy and other natural materials we use to mine and process gold and by-product uranium for the benefit of our stakeholders – and we are committed to responsible stewardship of these natural resources and the ecological environment for present and future generations.**

**Sustainable Development, Environmental Management, Carbon Management, Water Management, Material Stewardship and Supply Chain Management, Waste Management and Stakeholder Engagement policies:** www.sibanyegold.co.za/the-group/governance/executive-committee

**Case studies:** http://reports.sibanyegold.co.za/2014/#case-studies

**Beatrix project:** page 113

**Safe Technology:** page 60

**Eskom agreement:** page 111

**Concentrated solar power:** page 114

**Air Quality Act:** page 116

**In this section, we address:**

1. PERMITTING AND COMPLIANCE
2. ENVIRONMENTAL INCIDENTS
3. MATERIALS AND WASTE MANAGEMENT
4. WATER
5. ENERGY AND CARBON
6. AIR QUALITY
7. LAND MANAGEMENT, REHABILITATION AND CLOSURE
8. ENVIRONMENTAL ENGAGEMENT

**Sibanye strives to minimise or rectify adverse environmental impacts and maximise positive interventions.**

What we mean…

- We uphold the highest standards of environmental management and comply with applicable legislation governing the efficient use of resources, responsible waste management, conservation of biodiversity, and closure and post-mining land use.
- Our employees are encouraged to take ownership of environmental management, guided by our Environmental Policy, in everyday practice.

**EVIRONMENTAL MANAGEMENT STRATEGY – IMPLEMENTED BY ENVIRONMENT MANAGEMENT DEPARTMENT**

Total Environmental Management System (EMS)

| Strategic thrusts | Enablers |
|---|---|
| Licence to operate | • Strategy: "back to basics" in terms of compliance<br>• Management assurance of environmental management programme and legal compliance<br>• Environmental scanning and analysis<br>• Impact analysis (environmental impact assessment)<br>• Corporate reliance (assurance of data in environmental management programme, water use licences, environmental authorisations and other approvals/permits)<br>• Business enabler (integrative function)<br>• Environmental performance monitoring/flagging evaluation |
| Reputation and brand equity | • Alignment with key strategies such as stakeholder engagement, brand and reputation management, among others<br>• Strong positioning of Sibanye's environmental component of sustainability reporting<br>• Strategic partnerships with environmental and other NGOs |
| Climate change and carbon management | • Refine Carbon Management Policy<br>• Roll-out and implementation<br>• Advocacy and stakeholder engagement |
| Closure without liability | • Strategy: closure and rehabilitation<br>• Manage environmental liabilities and process financial provisioning<br>• Due consideration of social aspects around mine closure |
| Growth and expansion | • Environmental due diligence of new projects<br>• Environmental permitting (environmental impact assessment, atmospheric emissions licence, waste management and, rezoning where applicable) One-stop shop service to Projects Department |

Key performance areas

**Key activities**

- Inputs into day-to-day management of operational environment issues
- Environmental scanning and strategy development
- Air quality licensing and monitoring
- Land management
- Waste management
- Water management
- Carbon footprinting and adaptation
- Environmental impact assessments (EIAs)
- Support new business development projects
- Closure management
- Carbon tax and energy efficiency
- Audit management (internal, external and regulatory)
- Emergency medical services
- Environmental communication and messaging
- Integrated annual report [assurance of key performance indicators (KPIs)]
- Our compliance with the terms of the Sarbanes-Oxley Act, 2002 (SOX) is documented in the Form 20-F
- Performance reports

## TOTAL WATER WITHDRAWAL*

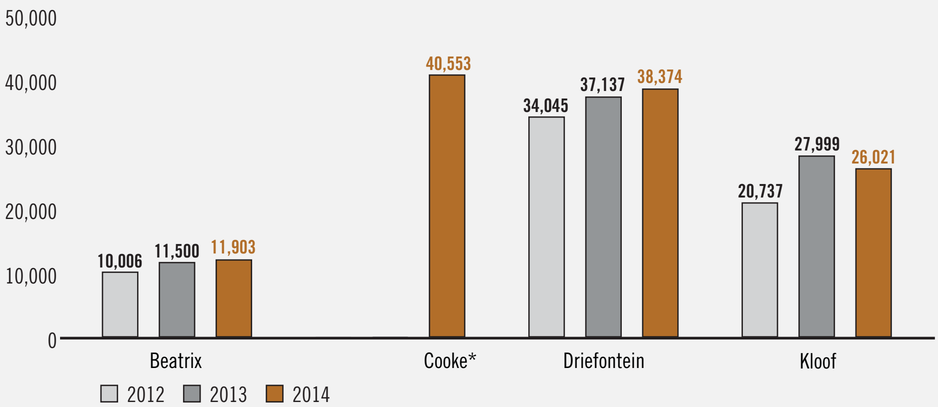
# 116,851Ml

2012: **64,788Ml**
2013: **76,636Ml**

| | | | |
|---|---|---|---|
| Potable municipal water | 16,738Ml | 2012: **12,852Ml** | 2013: **12,410Ml** |
| Ground fissure water | 100,112Ml | 2012: **51,936Ml** | 2013: **64,227Ml** |

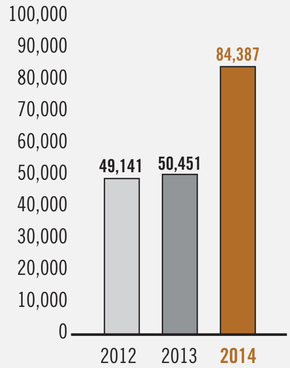
** Increase due to inclusion of Cooke*

**Total water withdrawal per operation (Ml)**

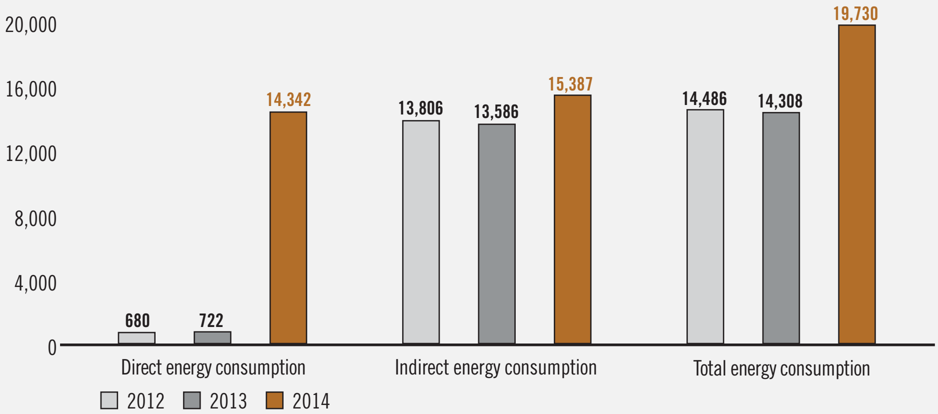



** No data available for Cooke in 2012 and 2013*
*Increase in water withdrawal due to addition of Cooke*

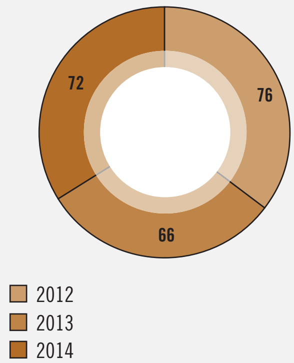
**Total water recycled (Ml)**




**Energy use (TJ)**




**Water recycled (%)**



# NATURAL CAPITAL
CONTINUED

## 1 PERMITTING AND COMPLIANCE

We manage our environmental aspects and impacts through our environmental strategy, as well as supporting management systems and an environmental management framework. This includes, among others, a system for identifying aspects and impacts, EMPs designed to mitigate and manage these impacts, and auditing and continuous improvement as critical elements.

Over the years, Sibanye's environmental management system has matured to such an extent that environmental management has been integrated into the business, and into operational plans. As the Sibanye operating model advocates internal efficiencies, we decided that no further value could be derived from ISO 14001 certification and that resources would be put to better use in strengthening in-house capacity to implement environmental management systems. The Cooke and Burnstone operations need to be integrated into the system. Both operations have systems in place to manage environmental aspects and impacts, and these systems are aligned with the Sibanye's environmental management strategy.

Review cycles (actions and interventions that address the efficacy of the respective management systems and sub-systems) include, *inter alia*, monthly site inspections, quarterly audits of environmental management systems, internal audits as per the schedule determined by the Audit Committee, external audits and verifications by independent external auditors, annual closure liability assessments by an independent third party, and annual site inspections by the Department of Mineral Resources.

We continue to improve our knowledge of our current biodiversity status by implementing biodiversity management action plans. Biodiversity assessments of the Kloof and Cooke (Ezulwini) operations were finalised in 2014.

We remain committed to designing and developing appropriate post-mining land uses in consultation with host communities and government. The closer we get to closure, the more detailed are our plans, and these closure plans are not shaft-based but mine-based.

Public meetings held during the development of biodiversity management action plans in 2014 will inform discussions with stakeholders going forward, including local municipalities, regulatory bodies and neighbouring communities.

Our Internal Audit Department played an increasingly important role in providing management assurance on the adequacy, effectiveness and suitability of our environmental management systems.

This in-house management assurance is conveyed directly to our Board and management.

An internal audit of the environmental management system and its sub-systems is planned for 2015. Internal controls were consolidated and strengthened in 2014 when Sibanye's Internal Audit team focused on certain elements of the environmental management systems, such as waste management, incident management, water management, chemical handling and a compliance audit in terms of the Mining Charter, including elements of the environmental management plans/programmes.

In addition to regulatory reporting processes, a legal register, management code of practice and sustainable development assurance processes, Internal Audit monitors environmental legal compliance, external environmental management plan/programme performance assessments of all operations, excluding Cooke 1,2 and 3. The assessments of these Cooke operations are due in 2015.

Advocacy and stakeholder engagement are important elements in ensuring that Sibanye, at Group and operational level, is aware of legislative changes and can apply legislation appropriately. The legal implications for the mining industry and operational compliance aspects are discussed within the forum provided by the Chamber of Mines Environmental Policy Committee (EPC). Members of the Environmental Policy Committee are informed of impending legislative changes and the implications, and this effectively promotes compliance. In addition, there an internal process of highlighting legislative changes in all spheres of our business, including environmental management, and action plans are put in place to address shortcomings from a compliance perspective.

Site inspections are done on an *ad hoc*, weekly or monthly basis, and are issues-based. Quarterly audits are conducted to ascertain compliance with our Environmental Policy, as well as other environmental and operating procedures in place to manage environmental aspects and impacts.

Each operation kept a register of compliance with all applicable environmental regulations in 2014.

We strive to manage risk effectively in order to protect the environment.

Each Sibanye operation has an approved EMP, compiled by the holder of the mining right and approved by the Department of Mineral Resources in compliance with the Minerals and Petroleum Resources Development Act, as amended. An environmental management plan/programme is a formal contract between the mine (the holder of the mining right) and the regulator (the Department of Mineral Resources) regarding the impacts that may arise from the mining operations, the assessment of these impacts from a risk perspective, the proposed measures to mitigate the impacts and commitments or undertaking by the licence holder to implement these mitigation measures.

**Environmental management performance assessment reports**

| Operation | External/ Internal* | Next round | Non-compliance | Mitigation |
|---|---|---|---|---|
| **Beatrix** | February 2014 | February 2016 | Incomplete tailings storage facility cover design study | Cover design study scheduled for completion in 2015 |
| | | | No formal erosion monitoring and management study inclusive of a rehabilitation strategy for the decommissioning phase | Compile erosion monitoring and management study as part of long-term land use plan |
| | | | No formal schedule for damaged walls and spillways | Compile monitory plan |
| **Cooke 1, 2 and 3** | October 2013 | October 2015 | N/A** | N/A** |
| **Cooke 4** | April 2014 | April 2016 | Discharge of approximately 70Ml/day of water under old order water permit (quality and volume outside of specification) | Separation of dolomite and process water underground to be pursued in 2015 |
| **Driefontein** | February 2014 | February 2016 | No aspect of soil management included in environmental induction module | Included soil management aspects in environmental induction module by December 2014 |
| **Kloof** | February 2014 | February 2016 | No aspect of soil management included in environmental induction module | Included soil management aspects in environmental induction module by December 2014 |
| | | | No noise assessment completed | Noise study finalised by end of 2014 |
| | | | No land capability study | Complete land capability study by end June 2015 |
| **Surface operations** | October 2013 | October 2015 | N/A** | N/A** |

* *Environmental management performance assessment reports are compiled by an independent third party (external) and in-house by Sibanye (internal), and submitted to the respective regional offices of the Department of Mineral Resources (DMR) in compliance with the legislated conditions for approval, every two years.*

*** No environmental management performance assessments were conducted during 2014 for Cooke 1,2 and 3, and surface operations as these assets were only acquired in March 2014.*

The environmental management plan/ programme of a mining right holder is generally seen as one of three supporting pillars of the mining right (the other two are the social and labour plan and the Mine Works Programme).

The environmental management plan/ programme for each operation deals with environmental aspects pertaining to the mining operation, ore handling and transportation, metallurgical processing and gold extraction, and deposition of residue material from the extracting process (commonly referred to as tailings material) on specifically designed and operated tailings storage facilities (TSFs). These processes have an impact on water, air quality, land, waste and resources, among others. Mitigation and management measures for these respective environmental impacts are also contained in, and form the crux of, the environmental management plan/programme document.

The operations are responsible for day-to-day management and reporting of environmental issues at shafts and plants in terms of the Environmental Policy and the designated environmental management system, while the Environmental Department provides overall assistance to resolve any environmental issues at the operations with strategic direction on the implementation of the environmental strategy. The Environmental Department is also responsible for conducting regular site inspections and quarterly environmental management system audits with a view to providing assurance to site and senior/ executive management that environmental issues are managed appropriately.

An atmospheric emissions licence (AEL) application for Cook 4 was submitted in 2014, as well as additional information on the atmospheric emissions licence applications for Kloof, Beatrix and Driefontein. All three operations have since received provisional atmospheric emissions licences, and systems and processes, such as stack monitoring, are being established to ensure compliance with the conditions of these atmospheric emissions licences. Cooke awaits its atmospheric emissions licence.

An environmental impact assessment for the relocation of the assay laboratory and a public notification process began in 2014. Processes for the new site were reviewed and revised, including hazardous substance volumes below the threshold for listed activities that require an environmental impact assessment. Listed activities were not triggered, the application was withdrawn in September 2014.

The record of decision for the environmental impact assessment regulations applicable to the Beatrix 4 shaft methane destruction project culminated in approval of the amendment to the environmental management plan/ programme report, which was then approved by the Free State Department of Mineral Resources in May 2014.

Environmental licensing processes, initiated in 2013, for waste management were pursued and finalised in 2014. A gap analysis was completed in 2014 to determine our status in terms of licence requirements at the Kloof, Driefontein and Beatrix operations. Due to changes in legislation, activities were revisited to ensure that applications were made for all activities. Sibanye began the licensing process at the end of 2014 for finalisation in 2015. We will attend to the Cooke and Burnstone operations in 2015.

# NATURAL CAPITAL
CONTINUED

### LEGISLATION AMENDED

Amendments to waste legislation present a potentially negative impact on Sibanye's operations and projects. Under the National Environmental Management: Waste Amendment Act, 2014 (Act No 26 of 2014), which was promulgated on 2 June 2014, mine "residue deposits" and "residue stockpiles" are now managed under the National Environmental Management Act legislative regime. The implications include the need for waste classification and liners under the tailings storage facilities, which could have major financial implications for new tailings storage facility capital projects in particular.

As far as the greater mining industry is concerned, mining-related waste material and mining residues are governed by the Minerals and Petroleum Resources Development Act, particularly the requirements of Section 42 and Minerals and Petroleum Resources Development Act regulations 63, 69 and 73, as well as the environmental management plan/programme provisions, until those duplicate provisions in the Minerals and Petroleum Resources Development Act have been repealed. The process to enhance National Environmental Management Act legislation and to align it with the provisions of Waste Amendment Act has begun. The Minerals and Petroleum Resources Development Act amendment process has not yet been completed and will continue in 2015. This process was not completed in 2014 and will continue in 2015.

Through industry organisations such as the Chamber of Mines and Business Unity South Africa, we are monitoring developments in this regard.

Through the Chamber of Mines, a meeting was held with the Department of Environmental Affairs as the regulator responsible for administering the Waste Amendment Act and its specific provisions regarding residue stockpiles and deposits in an effort to influence the final regulations. Throughout 2014 there were multiple meetings between the various stakeholders on this issue. This has now culminated in the publication of a draft list of exclusions on waste management activities. Sibanye will participate in the public commenting process.

| TAILINGS STORAGE FACILITIES – ACTION PLANS | |
|---|---|
| **BEATRIX** | Ridge ploughing, using a tractor and conventional plough to create ridges perpendicular to the prevailing wind direction and thus create wind barriers, was due to be done on the top surface area of the dormant Beatrix tailings storage facility in 2014 but damage to the penstock and wash-outs on the rest of the dam prevented this from going ahead as planned. This had been done in 2012 to minimise dust released on windy days. We decided instead to build basin paddocks to retain water on the dam and to repair the damaged areas. Ridge ploughing may be used inside the paddocks as an additional measure to minimise wind-blown dust. |
| **COOKE** | As part of an investigation into an appropriate intervention, a site visit was conducted at Cooke where dust was a challenge but has since been largely overcome. Controls deployed over time have included vegetation, water sprinkler systems, ridge ploughing and dust control nets. |
| **DRIEFONTEIN** | The Driefontein 1 and 2 tailings storage facilities have been identified as areas that may require additional controls to mitigate dust impacts. Having considered the various options available, dust control nets may be appropriate for these tailings storage facilities as they could be installed relatively quickly and function immediately, and need minimal maintenance. The nets can also be raised or redeployed as the height of the dams increases. Provision has been made for additional dust control in 2015. Depending on the results, this approach may extend to other problematic tailings storage facilities within the Group. |
| **KLOOF** | Inspections of dormant tailings storage facilities in 2014 revealed that the current rate of rise is well within legal requirements and the current deposition facilities can sustain another five years of deposition. |

### 2 ENVIRONMENTAL INCIDENTS

In 2014, we reported nine (2013: one) Level 3 environmental incidents. There were three Level 3 incidents at Cooke and six Level 3 incidents at Kloof and Driefontein. There were no Level 4 and 5 incidents reported for the period under review.

We report on:

- Level 3 – incidents that result in ongoing but limited environmental impact;
- Level 4 – incidents that result in medium-term environmental impact; and
- Level 5 – incidents that result in long-term environmental impact.

In terms of our Engineering Pragma System, which enables timeous reporting and maintenance of pipeline failure incidents, conducting thickness testing on the pipeline, installation of flow meters and daily inspection of pipes by pipe-walkers, all pipes not worn out were turned by 180 degrees to prevent failure. As part of this planned maintenance system, ongoing testing of pipe thickness is conducted and worn pipes are identified.

**Level 3 incident report**

| Date | Level | Operation | Cause | Volume ($m^3$)/Area impacted ($m^2$) | Material | Impact | Remediation |
|---|---|---|---|---|---|---|---|
| 25 February 2014 | 3 | Kloof | Pipeline burst | 300,000$m^3$ | Tailings | Soil, vegetation and river contaminated | Polluted area cleaned and rehabilitated with new pipeline |
| 26 February 2014 | 3 | Driefontein | Return water dams overflowed | 0.25Ml | Process water discharge | Impact on surface water | Pumping of water from return water dams optimised |
| 31 March 2014 | 3 | Kloof | Cyanide storage tank pipes burst | 400$m^3$ | Cyanide | Soil and vegetation contaminated | Polluted area cleaned and rehabilitated with new alarm system |
| 1 May 2014 | 3 | Kloof | Water pollution control dam overflowed at plant due to accumulation of sediments | 50,000$m^3$ | Process water | Impact on surface water | Dam cleaned regularly to remove sediments |
| 17 October 2014 | 3 | Driefontein | Tailings spill | 40$m^3$ | Tailings | Soil contaminated | Leak isolated and tailings cleaned up |
| 28 November 2014 | 3 | Driefontein | Return water dams overtopped | 0.25Ml | Process water discharge | Impact on surface water | Pumping and reuse of water from return water dams optimised |
| 25 February 2014 | 3 | Cooke 1 shaft | A leak developed in the pipeline conveying sludge from Cooke 1 shaft to Cooke plant, resulting in a spill of underground sludge onto adjacent land and water body | 800$m^2$ | Underground sludge | A small quantity of material entered the Wonderfonteinspruit but water sampling at time of incident indicated no significant impact on water body | The leaking pipe was immediately clamped once the spill was reported and subsequently replaced. Clean up of the affected land started on same day as incident, and was complete within two weeks |
| 23 May 2014 | 3 | Cooke 1 and 2 shafts | Licensed discharge water quality outside water use license specification | Cooke 1 shaft: 20, 300$m^3$; Cooke 2 shaft: 12, 300$m^3$ | Excess water found underground | Impact on both surface and groundwater | Optimisation of underground water treatment and underground settler repair and refurbishment |
| 18 August 2014 | 3 | Cooke 4 plant | Return water dam oveflow as a result of an operating error | 5,500$m^3$ | Process water | Water spilled onto gravel road and adjacent farming land. No impact on surface or groundwater resources, based on water quality, the impact on the farming land was deemed to be minimal | The valve feeding the return water dam was closed immediately and pumping commenced and the plant operator retrained in dam operating procedures |

**"We are committed to continuously improving our environmental performance through formalised management systems** and cycles of review"

# NATURAL CAPITAL
## CONTINUED

### 3 MATERIALS AND WASTE MANAGEMENT

In order to reduce rehandling costs, development or "waste" rock, which was previously hoisted separately and stored on rock dumps for future processing through dedicated surface material plants, is being milled and processed with underground ore. Significant effort has also been made to improve the quality of mining factors, such as reducing dilution by lowering stoping widths and ensuring that as much gold is recovered from the stoping area as possible. Reducing the amount of waste rock mined has significant cost benefits including increased ore hoisting and processing capacity, resulting in higher yields.

The environmental benefits include a smaller surface rock dump footprint as land use is reduced, lower dust emissions and more effective management of water pollution.

We do not remove only gold-bearing reef as we try to minimise mining of waste. Uranium by-product ore is mined from a specific reef horizon (Elsburgs) and is therefore easily directed towards the Ezulwini gold and uranium plant.

**Consumption of materials**

| | Beatrix | Cooke | Driefontein | Kloof | Total |
|---|---|---|---|---|---|
| Timber | 27,135t | 12,913t | 46,873t | 17,547t | 104,468t |
| Cyanide | 1,233t | 7,856t | 1,757t | 912t | 11,758t |
| Blasting agents | 1,198t | 58,687t | 2,125t | 998t | 63,008t |
| Hydrochloric acid | 1,117t | 1,190t | 784t | 488t | 3,579t |
| Lime | 5,310t | 23,780t | 2,029t | 8,724t | 39,843t |
| Cement | 3t | 249t | 59t | 84t | 394t |
| Caustic soda | 608t | 916t | 521t | 452t | 2,947t |
| Diesel | 895kl | 2,048kl | 1,897kl | 1,434kl | 6,274kl |

We do not have a formal process to verify that all suppliers promote responsible environmental management. However, as part of the procurement process, suppliers are requested to provide us with their environmental policies.

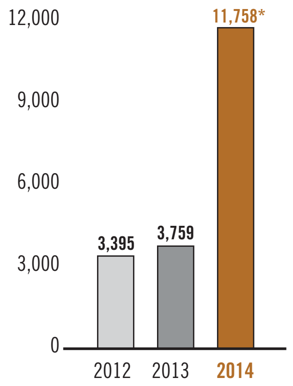
In addition, contractors permanently on site, such as ore transporters, form part of the on-site environmental management system and, through site inspections and audits, we ensure that they are environmentally responsible.

### CYANIDE MANAGEMENT

As gold is not soluble in water, cyanide is used to stabilise it in solution and, with oxygen, to dissolve the gold. Cyanide has been the primary reagent for leaching gold from ores since its introduction in the late 19th century. While cyanide is less costly and potentially less harmful than other reagents with similar properties, there are risks associated with its storage and use.

Sibanye has decided, as a result of a change in our operating model, and comfortable that all the necessary systems and practices are in place, not to formally participate in the Cyanide Code after 2013. However, the principles of the Cyanide Code are embedded in our management processes and systems, and management assurance of this aspect is an ongoing process. No cyanide-related incidents were reported at our operations in 2014 and 2013.

**Cyanide used (t)**




* *Increase due to inclusion of Cooke*

**Waste management (Mt)**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Mining waste | **20.12** | 13.87 | 11.84 |
| Tailings into tailings storage facilities | **15.73** | 13.11 | 10.72 |
| Tailings into pits | **3.79** | – | – |
| Waste rock | **0.60** | 0.76 | 1.11 |
| Waste recycled/reprocessed | **11.96** | 13.29 | 614.22 |

## 4 WATER

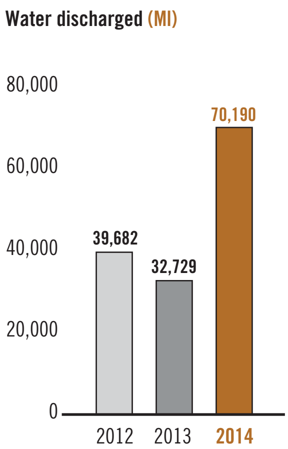
Water is a critical resource and we consider our water infrastructure to be a strategic asset. Effective and integrated management of water resources and systems is an integral component of our business strategy. Our vision for water management could be described as "effective, innovative and caring for water resources and water systems management".

**Water use licence status**

| | Beatrix | Ezulwini (Cooke 4) | Rand Uranium (Cooke 1, 2 and 3) | Driefontein | Kloof |
|---|---|---|---|---|---|
| **Permit/exempt in terms of the Water Act, 1956 (Act No 54 of 1956)** | Yes | Yes | – | – | – |
| **Water use licence in terms of the National Water Act, 1998 (Act No 36 of 1998)** | – | – | Yes | Yes | Yes and directive |
| **Water use licence application** | Submitted | Submitted | Submitted for backfill project | Applied for amendment | Applied for amendment |
| **Draft water use licence** | – | Yes | – | Yes | – |
| **Bottleneck** | Regional office of Department of Water and Sanitation/ Sibanye's Water Management Department | National Department of Water and Sanitation | National Department of Water and Sanitation | Regional office of Department of Water and Sanitation/ Sibanye's Water Management Department | Regional office of Department of Water and Sanitation |
| **Explanation** | Awaiting feedback from regional Department of Water and Sanitation | Recommendation submitted to the Department of Water and Sanitation adjudication committee | Backlog at Department of Water and Sanitation | Awaiting feedback from regional Department of Water and Sanitation | Department of Water and Sanitation evaluating additional information submitted |
| **Risk/reward** | No | No | No | No/savings | No/savings |
| **Way forward** | Enquire about progress | Awaiting water use licence | Apply for amendment of water use licence<br>Enquire about progress with backfill water use licence | Enquire about progress | Awaiting feedback from regional Department of Water and Sanitation |
| **Operating legally** | Yes | Yes | Yes | Yes | Yes |

"**Water is a critical resource** and we consider our water infrastructure to be a strategic asset"

# NATURAL CAPITAL
CONTINUED




## WATER USE

Total water withdrawal was 116,851Ml (2013: 76,636Ml) in 2014 with 16,738Ml or 14.32% (2013: 12,410Ml or 16.19%) from municipal sources (potable water) and 100,112Ml (2013: 64,227Ml) from ground fissure sources.

The reason for the increase year on year is due to of the inclusion of the Cooke operations in 2014.

The bulk of fissure water is withdrawn at source for safety reasons and it is discharged into the environment without treatment. Uncontaminated fissure water, which has not entered the mine workings, does not pose an environmental risk. Impacted fissure water is used in the operations to compensate for system shortfalls. By using the impacted fissure water make-up, the total discharge load is reduced and contaminants are entrapped in the various tailings storage facilities (TSFs). We use recirculating mine service water extensively in our surface and underground operations. By operating the systems in this manner, we ensure that none of this water is discharged but is reused to improve water efficiency.

In addition, we have invested in potable water-treatment plants to produce potable water from excess fissure water, and thus reduce our overall water footprint and total cost of potable water.

## RECYCLING AND OPTIMISATION

Optimisation includes the establishment of a three-tier water balance system, which is updated regularly, to allow our operations to track water consumption at shaft level. A project is underway to establish detailed water balances at all operations by mid-2015. An annual water balance is prepared and submitted to the Department of Water and Sanitation as a requirement of our water use licences.

Underground settlers are the first line defence in heavy metal removal and improving the quality of the underground circulating water systems. In 2014, we focused primarily on improving the operational efficiency of our settlers and optimising underground water systems to improve the quality of discharged underground water.

- Acid mine drainage (AMD), if managed as proposed, will not develop into a material risk in the Far West Rand Basin
- Relatively low volumes of mine water are expected to decant and the environmental impacts will be manageable
- Urban development and other polluters contribute to the salt load and will exceed mining impact after closure

**Total potable water consumption (Ml)**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Beatrix** | **3,193** | 3,403 | 3,482 |
| Cooke* | **5,118** | – | – |
| Driefontein* | **2,260** | 3,039 | 3,520 |
| Kloof* | **6,167** | 5,967 | 5,851 |

** Rand Water*
*** Sedibeng Water*

**“We have invested in potable water-treatment plants to produce potable water from excess fissure water,** and thus reduce our overall water footprint and total cost of potable water”

## WATER SECURITY

### BEATRIX

The Beatrix operation pumps 24Ml/day of fissure water from a connate saline aquifer. This water is deposited in evaporation ponds, and evaporated in terms of valid permits and exemptions.

Potable water used at Beatrix is supplied by Sedibeng Water, which supplies water to the Free State, Northern Cape and North West provinces. The potable water supplied to Sibanye operations by local bulk water supply utilities, based on long-term stable relationships with the local authorities. The risk of supply interruptions is the same as that of the local towns, including infrastructure and power failure, maintenance interruptions and possible disconnection due to payment issues. All the operations have limited local storage to sustain them for a couple of hours. An extended power outage may result in no water for domestic use while the operations are be able to continue by reverting to process water sources.

### COOKE

The Cooke operations dewater 107Ml/day of fissure water for safety reasons. This fissure water is pumped from Cooke 1 (20Ml/day), Cooke 2 (12Ml/day) and Cooke 4 (75Ml/day) – and discharged under licence into the Wonderfonteinspruit, Magazine Pan and Klein Wes Rietspruit.

Cooke 1 shaft uses its own boreholes for potable water while Cooke 2, 3 and 4 are served by the Westonaria Local Municipality.

### DRIEFONTEIN

The Driefontein 8 and 10 shafts are water-positive due to 56Ml/day of fissure water inflow from dolomitic compartments. The shafts are dewatered for safety reasons. Up to 20Ml/day of the fissure water is treated to make it potable. The balance is discharged under licence into the Wonderfonteinspruit.

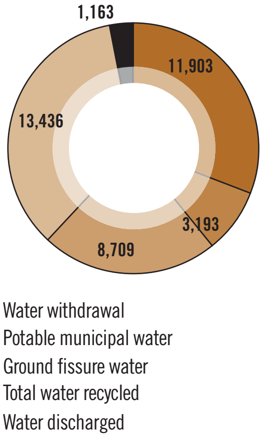
Driefontein has a treatment facility to produce potable water for its own use. Clean fissure water is blended with potable water from the Merafong City Local Municipality. An upgrade is due to be completed in 2015 to eliminate potable water purchased from the municipality.

### KLOOF

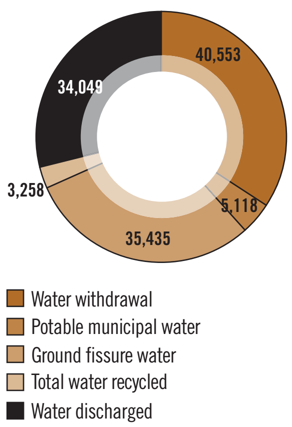
The Kloof 8 and 10 shafts are water-positive due to 55Ml/day of fissure water inflow from dolomitic compartments. The shafts are dewatered for safety reasons and discharged under licence into the Wonderfonteinspruit and Loopspruit. The rest of the Kloof shafts are all slightly water-negative and use impacted fissure water for controlled make-up.

Potable water is supplied to Kloof by the Westonaria Local Municipality via three supply points.
A 12Ml/day potable water treatment plant is planned to offset potable water purchased from the municipality.

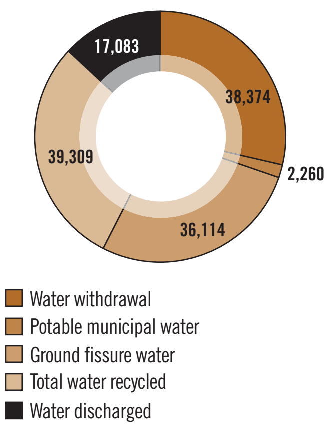
**Beatrix: Water use as at 31 December 2014 (Ml)**



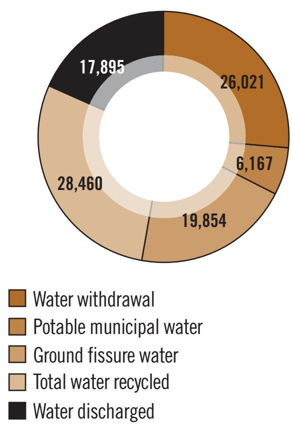

**Cooke: Water use as at 31 December 2014 (Ml)**




**Driefontein: Water use as at 31 December 2014 (Ml)**




**Kloof: Water use as at 31 December 2014 (Ml)**



# NATURAL CAPITAL
CONTINUED

**SibanyeAMANZI**
Our integrated dynamic water management strategic process, developed by our Water Management Department to guide the implementation of our Water Management Policy through life of mine and beyond mine closure, SibanyeAMANZI is reviewed every year.

SibanyeAMANZI evolved from the Liquid Gold project initiated by Gold Fields in 2005. In order to achieve compliant discharges from the Driefontein, Kloof and South Deep mines owned by Gold Fields at the time, the initial aim of the Liquid Gold project was to develop "end of pipe water treatment solutions" to treat 120Ml/day of surplus fissure and mineralised mine service water, and to purify it to drinking water standards.

A water technology innovation hub, established at Sibanye's Libanon workshops, supported by the Driefontein Mine Water Laboratory where an upgraded facility is being established at 9 shaft, includes research and development, and testing equipment. The technology innovation hub comprises simulated moving bed ion exchange, membrane purification, various forms of demineralisation equipment, and bench scale coagulation and flocculation equipment. This technology enables the recovery of uranium, rare earths and other valuable metals, as well as the conversion of contaminated salts into commercial commodities such as fertilizers and explosives.

Our SibanyeAmanzi strategy is realised through the following ongoing and proposed projects:

| | |
|---|---|
| **BEATRIX** | • Regular theft and vandalism of the electricity and pump infrastructure of the 4 shaft seepage collection pump stations rendered it non-operational. Mobile diesel pumps were used or months until electricity supply infrastructure could be secured and pumps were reinstated. Importantly, no spills occurred during this period. |
| **COOKE** | • Optimisation of the underground settlers is underway at Cooke 1 and 2 to improve the quality of the water discharged into the environment, and thus reduce the extent of the water treatment required in future.<br>• In 2014, a project was initiated to optimise the underground water management systems to realise a reduction in fissure water ingress, improved fissure water separation and to reduce the total quantity of water pumped. |
| **DRIEFONTEIN** | • Upgrading and recommissioning of the North Shaft fissure water treatment plant to produce 9Ml/day of SANS 241-2011 compliant product water – to a standard of potable water suitable for human consumption – entails replacing and upgrading certain components of the existing plant and adding additional components.<br>• Separation of 8.6Ml/day of mine service water from 25Ml/day fissure water underground in order to improve compliance is underway. The separation is a licence requirement and will improve the quality of the water we are discharging into the environment. It will be done by recirculating the water underground for reuse. |
| **KLOOF** | • Separation of fissure water and mine service water at 8 shaft will be done as a licence requirement, and will improve the quality of the water we are discharging into the environment with a cost reduction benefit for the shaft. A dedicated dam and pump station will be built to collect and pump the fissure water.<br>• To establish a 12Ml/day fissure water beneficiation plant at the 8 shaft and thus realise water savings and reduce our environmental footprint, we plan to build a water treatment facility that will produce potable water from excess fissure water for consumption on the mine.<br>• We plan to eliminate mine service water excess at the main shaft by reducing its footprint through improved system controls and management. |

## 5 ENERGY AND CARBON

We have mitigated the risk of energy supply failure by installing emergency generators at all of our operations, which ensures that our people can be evacuated safely in case of a power failure.

We also have agreements (NRS 048-9) with Eskom that we will be notified of load curtailment two hours beforehand. Curtailment is 10% in stages 1 and 2 to 20% of normal load in Stage 3. Stage 4 requires load curtailment of up to 50% as instructed by Eskom. The NRS ensures that our electricity supply will not be completely cut off and operations will be notified of the need to reduce consumption to ensure that essential services can continue to function normally. Non-essential activities may need to be curtailed to reduce the overall load and to meet Eskom's requirements. The NRS 048-9 pre-agreements protect Sibanye from arbitrary load curtailment and allow for prudent planning and timeous implementation of load curtailment.

Our energy supply agreements protect Eskom and Sibanye's interests. These agreements make provision for Sibanye to receive electricity supply that is stable in terms of voltage fluctuations. Sibanye will be given notice should the need for curtailment or load shedding become necessary. In return, the agreement makes provision for Eskom prices to be paid, provide access to Eskom to enter the premises for maintenance of equipment and infrastructure. Sibanye will also notify Eskom of the anticipated maximum demand.

As Eskom is reliant on fossil fuel based energy, we are also exposed to the impending carbon tax.

### IMPLICATIONS OF CARBON TAX

We held a carbon management workshop on 17 July 2014 to review the latest developments in climate change and carbon management, including the implications of the carbon tax with the intention to qualitatively assess risks and opportunities for Sibanye. While the carbon tax legal framework is still being developed, opportunities have been identified for us in terms of positioning for the envisaged carbon tax. These include revenue recycling opportunities, such as tax deductions for energy efficiency projects. Revenue recycling is an incentive in the form of tax rebates and offsets that government offers to encourage a move to a low carbon economy.

We have appointed an energy service company to explore whether we may qualify for a tax deduction. Additional revenue recycling opportunities are being planned, including the national carbon offsets mechanism and establishment of a local carbon emissions trading system. During interactions with National Treasury, it became evident that certain certified emission reductions (CERs), such as those of the Beatrix methane project, may not be eligible for offset against the proposed carbon tax.

| Anticipated carbon tax implication for Sibanye in 2016 | |
|---|---|
| Scope 1 and Scope 2 emissions ("best case scenario") | R93,143,837 |
| Scope 1 and Scope 2 emissions ("worst case scenario") | R260,615,369 |

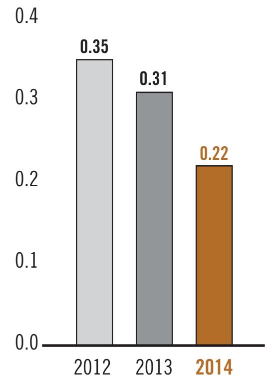
*The figures quoted are indicative of the financial implications of carbon tax for Sibanye in today's terms and at the anticipated tax rate of R120/t of $CO_2$e. The 2014 carbon footprint and hence the financial implications were based on Scope 1 and Scope 2 emissions, assuming that Eskom passes on its carbon tax liability for its Scope 2 emissions to the consumer.*

### GREENHOUSE GAS EMISSIONS

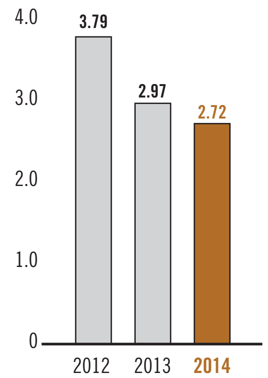
- Scope 1: All direct greenhouse gases emissions
- Scope 2: Indirect greenhouse gases emissions from consumption of purchased electricity, heat or steam
- Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (for example, T&D losses) not covered in Scope 2, outsourced activities and waste disposal, among others

*Source: The Greenhouse Gas Protocol – an international accounting tool for government and business leaders to understand, quantify, and manage GHG emissions – developed by the World Resources Institute (WRI) in partnership with the World Business Council for Sustainable Development (WBCSD).*

**Carbon intensity (t$CO_2$e/t ore milled)**




**Carbon intensity (t$CO_2$e/oz Au)**




*Sibanye has undergone significant structural changes over the past two years – firstly, with the unbundling from Gold Fields, and then the acquisition of the Cooke operations. In terms of the Greenhouse Gas Protocol's "A Corporate Accounting and Reporting Standard", GHG emissions, we have adjusted our carbon footprint to include the Cooke operations in graphs above. The method used to effect these adjustments was the ISO 14064 Part 1 "Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals".*

*We have also chosen to report our emissions intensity on the basis of "tons of ore milled" in addition to "gold ounces produced".*

# NATURAL CAPITAL
CONTINUED

## CARBON MANAGEMENT

Our carbon management strategy (CMS) has been integrated with our approach to energy management, given that our carbon footprint is dominated by our energy use and, in particular, the use of fossil-fuelled electricity sourced from Eskom.

In terms of our integrated energy and carbon management strategy (IECMS), we worked towards realising the following in 2014:

- To understand our consumption and emissions. We measured, monitored and managed our energy and carbon footprints, using energy management and information systems, to determine that electricity consumption contributes approximately 87% to our carbon footprint. We monitor electricity consumption monthly and convert this to carbon dioxide equivalent ($CO_2e$) quarterly to determine our carbon footprint.
- By embedding energy and carbon issues in all planning and stage gate processes, we ensure that our operations optimise long-term asset performance and incentivise good asset management, including waste reduction.
- Our drive to optimise asset performance includes new functionality in enterprise software, which requires all operations to order refurbished and reusable equipment prior to new equipment planned for early 2015. This reduces demand for new equipment and associated carbon emissions.
- As we focus on replacing carbon-intense energy with renewable energy sources, like solar and wind, or switching to less intense energy sources by, for instance, moving from coal to gas, we installed concentrated solar power (CSP) to heat the elution circuit at the Driefontein No 1 gold plant in 2014. This installation will use solar energy to supplement a portion of the electricity purchased from Eskom. Optimisation of electricity generation from methane also advanced with underground secondary sealing in 2014 to increase the supply of methane gas and thus electricity generated.
- We have invested in energy savings by using more efficient equipment and implementing the latest energy-saving measures. Posters are placed in prominent positions at each operation to encourage employees to save energy in the workplace. We also use energy service companies and plan to bring more on board in 2015 to increase the number of energy-saving measures for maximum benefit.
- We have focused our support systems to share knowledge and best practice, raise awareness, manage change and empower employees. Our Carbon Management Policy and awareness campaigns are included in the induction of all employees and contractors. Carbon management is also being integrated into existing systems, such as the Safe Technology initiatives, by including carbon reduction considerations in the design and planning of projects.

While energy consumption targets are set and measured at operational level, translations from energy consumption into carbon intensities are conducted as part of the ongoing carbon footprinting exercise. Depth of mining and ore yields are considered when setting carbon intensity ratios.

The Beatrix Project, as well as ventilation fan projects at Beatrix, Driefontein and Kloof have contributed to our optimisation and reduction of carbon dioxide ($CO_2$) emissions.

Another carbon reduction project at Beatrix was registered under the Clean Development Mechanism (CDM) of the Kyoto Protocol to the United Nations Framework Convention on Climate Change in late 2013. It involves the installation of energy efficient 45kW axial ventilation fans in underground operations. These fans are more energy-efficient than their older equivalents. The project accrued approximately 7,685 certified emission reductions in 2014.

Certified emission reductions (also known as carbon credits) are emission units issued by the CDM to assist organisations in offsetting their emissions and complying with their targets. Nedbank Limited (Nedbank) provided the funding for this CDM project at Beatrix, and will purchase the certified emission reductions generated by the project. The details of the project agreement are being worked out by the parties, including South Deep mine.

Registration of the Kloof and Driefontein ventilation fan projects has been delayed, as the CDM methodology used for these projects has expired, until a suitable methodology becomes available.

We are also involved in a number of projects in collaboration with Eskom, supporting the use of renewable energy, such as solar power, and climate change adaptation initiatives, such as the optimal Tailings Storage Facility Cover Design Study. A conceptual financial risk model has been developed to assess the optimal cover design of the various tailings storage facilities. The model takes into consideration the lower, likely and upper scale of each option.

## BEATRIX METHANE CAPTURE PROJECT

The processing of the second batch of Beatrix certified emission reductions for the period from 1 April 2012 to 31 December 2014 has begun. This process will be managed through the CDM process. Sibanye and Merquria have reached a mutually beneficial agreement to transfer the Beatrix certified emission reductions to a third party. The R54 million Beatrix methane capture and destruction project officially began on 28 July 2006 when the operation entered into an agreement with carbon and climate change advisory firm, Promethium Carbon (Proprietary) Limited, for project administration and approvals.
The system was designed and built to extract and flare, on surface, 400l/s of methane gas from identified sealed off working areas at the Beatrix South section. The flare was commissioned on 21 May 2011, extracting an initial 50l/s of methane gas. As at 31 December 2014, 195l/second of methane gas is extracted from underground and flared.
Methane is a potent greenhouse gases, which contributes to global warming and climate change at a rate 25 times higher than carbon dioxide. The Beatrix Project was, therefore, eligible to register under the CDM of the Kyoto Protocol to the United Nations Framework Convention on Climate Change in 2011 to earn certified emission reductions or carbon credits.

We began the issuance process to earn 36,010 certified emission reductions (from 1 July 2011 to 31 March 2012), and the issuance of certified emission reductions by the United Nations Framework Convention on Climate Change has been completed.

The Beatrix Project generated 25,151 (2013: 45,194) carbon credits in 2014. The volume of methane to the flares fluctuated and decreased to a large extent, resulting in lower carbon credits than the previous year.

The project was also registered under the Voluntary Carbon Standard for the reduction in greenhouse gases on 13 March 2013 and 9,643 voluntary carbon units (VCUs) were issued on 5 September 2013. The VCUs were held in our Markit Registry account and transferred to the VCU buyer's account (Nedbank) on 7 November 2013. The income generated from the 9,643 VCUs, in this once-off deal, amounted to R323,084.

The Markit Registry allows account holders to manage all their global carbon, water and biodiversity credits in a centralised, financial markets-based registry system. It manages environmental portfolios, and provides support for existing and emerging environmental programmes and markets. The volume of methane destroyed since commissioning the Beatrix Project to 31 December 2014, including the main flare as well as the borehole flares, is 10.9 million cubic metres. A total of 164,201 equivalent tons of carbon dioxide ($tCO_2e$) was destroyed between July 2011 and the end of December 2014. The global warming impact of methane gas is 25 times higher than carbon dioxide.

The Beatrix Project has not reached its full capacity of 400l/second as secondary sealing has not yet been completed to ensure that the migration of methane is contained. Secondary sealing is due to be completed in May 2015.

The Beatrix Project contributes to foreign reserve earnings for South Africa through the revenue generated from the sale of carbon credits. It also has a positive impact on the environment in that it contributes to clean power generation, reducing reliance on coal based electricity and harmful greenhouse gases. In addition, the project has created employment – during the construction and operation phases – and it has facilitated skills development in a much safer working environment.

Methane is a colourless and odourless gas, which cannot be detected without specialised electronic equipment. Unlocked during mining operations and transported by air from sources deep underground, it is extremely dangerous as it is highly explosive and can displace oxygen so that those exposed to it are prone to suffocation. A methane management system has been developed at Beatrix to control this risk. The mine standard requires a minimum of two flammable gas detection instruments per stope panel while there must be at least one instrument per development end when work is underway. At the Beatrix mining units 1 and 2, there is a telemetry system with strategically placed flammable gas and velocity sensors, critical fans and carbon monoxide sensors. Environmental conditions are monitored in the central control room at Beatrix Mining Unit 1, located at No 3 shaft, on a 24-hour basis. Clear call-out procedures are followed in the event of an emergency.

Where elevated concentrations of flammable gas are constantly present in the general atmosphere, a location is declared hazardous based on the results of risk assessments. Hazardous locations require special operating conditions to be followed, such as explosion protected apparatus, telemetry monitoring, strict adherence to mine standards and awareness training for all employees. Hazardous location meetings are held on a monthly basis, involving all related disciplines.

To ensure proper supervision at all working places, the mine has developed a Work Place Management (WPM) system – documents containing special instructions, hazard identification, risk assessments, Department of Mineral Resources recommendations, a flammable gas register and handing over notes are stored in the mine overseers' offices. The WPM system is also used during the induction of new employees or when people are moved from one mining section to another.

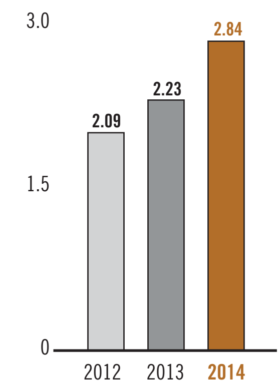
In addition to flammable gas induction training, the mine has regular safety awareness sessions, such as safety flashes and special awareness drives, including the annual methane month in May and the monthly Methane Emergency Preparedness Safety Health (MESH) days when specific methane safety related topics are discussed.

Beatrix currently generates 1MW of power (constrained by the flow and quality of methane).

**"Sibanye is the first gold mining company in the world to trade** in certified emission reductions at a market value of €0.16 each"

# NATURAL CAPITAL
CONTINUED

Electricity purchased (Rbn)




## ENERGY USE

In 2014, we committed to:

- include Cooke in energy monitoring, and brought Beatrix in line with the monitoring systems at Kloof and Driefontein;
- continue research into variable speed drives for medium-voltage main fans at Kloof and possibly at Cooke 4;
- continue to design, develop and implement strategies that seek to reduce the energy consumption of our operations and, thereby, reduce the carbon footprint of the Group, pursue any potential opportunities and use energy-efficient technologies where this is feasible;
- comply with applicable legal and other requirements to which we subscribe; and
- encourage business partners and suppliers to adopt similar principles.

Funded by Eskom Integrated Demand Management, we have introduced various measures, such as pump load shifting, water control valves and geyser load switches to save energy during peak consumer times.

These measures successfully reduced consumption although production increased in 2014. With the inclusion of Cooke, the Group's annual average electricity demand is expected to increase from 416MW to 488MW in 2015.

We realised a saving of 23.7MW (2013: 33.4MW) in 2014 due to various energy saving initiatives and projects.

Emergency generators were only used for testing and not for actual emergencies in 2004 due to the agreement with Eskom.

Apart from the Beatrix project, Sibanye also employs concentrated solar power as an alternative energy source. Oil in the gold-winning elution circuit at Driefontein is heated by concentrated solar power.

Major energy savings were realised in performance-based contracts with an extended service provider at Kloof and Driefontein to unlock savings in compressed air and water. A saving of 1MW per year is envisaged to realise an annual saving of R6 million across the Group. Energy saving initiatives were not implemented at Cooke in 2014 but measures are planned for 2015.

**Energy consumption in 2014 (%)**

| | Beatrix | Driefontein | Kloof |
|---|---|---|---|
| Mining/winding | 10.1 | 13.4 | 15.4 |
| Pumping | 15.6 | 28.4 | 29.0 |
| Compressors | 19.7 | 17.1 | 17.7 |
| Ventilation | 20.6 | 12.0 | 13.7 |
| Refrigeration | 6.4 | 10.0 | 12.3 |
| Processing | 21.6 | 13.5 | 7.7 |
| Other | 6.0 | 5.6 | 4.2 |

| ENERGY-SAVING MEASURES IN 2014 | | AVERAGE SAVING (MW) |
|---|---|---|
| Beatrix | • Installed energy-efficient cooling fans<br>• Reduced refrigeration<br>• Removed surface fan<br>• Generated power from methane | 3.67 |
| Driefontein | • Reduced use of compressed air and water<br>• Generated energy by running turbines<br>• Installed heat pumps on geysers | 13.59 |
| Kloof | • Controlled air and water networks<br>• Fixed air and water leaks<br>• Reused water in bulk air cooler<br>• Operated at reduced air pressure | 6.41 |

**Direct and indirect energy consumption per operation as at 31 December 2014 (TJ)**

| | Beatrix | Cooke | Driefontein | Kloof | Total |
|---|---|---|---|---|---|
| Direct | 775.9 | 2,194.6 | 564.7 | 807.1 | 4,342.3 |
| Indirect | 2,346.0 | 2,255.5 | 5,284.0 | 5,501.8 | 15,387.3 |
| **Total** | 3,121.8 | 4,450.1 | 5,848.7 | 6,308.9 | 19,729.6 |

**Energy intensity (GJ/tonne milled)**

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Beatrix | **0.69** | 0.70 | 0.74 |
| Cooke | **0.77** | – | – |
| Driefontein | **1.09** | 1.08 | 1.21 |
| Kloof | **1.36** | 1.36 | 1.37 |

**Emissions $tCO_2e$**

| | 2014 | [a]2013 | [b]2013 | [a]2012 | [b]2012 |
|---|---|---|---|---|---|
| Scope 1* | 109,840 | 120,076 | 61,620 | 96,812 | 56,038 |
| Scope 2 | 4,404,562 | 4,559,995 | 3,773,919 | 4,672,471 | 3,812,182 |
| Scope 3 | 863,009 | 633,928 | 572,398 | 579,043 | 555,066 |
| NOx (t) | 19,901 | 14,618 | 219.74 | 13,353 | 190.26 |
| SOx (t) | 632 | 464 | 10.85 | 424 | 9.38 |

**Scope 1 emissions exclude fugitive mine methane which amounts to 660 256 $tCO_2e$ for 2014*

*a. Sibanye has undergone significant structural changes over the last two years – firstly, with the unbundling from Gold Fields, and then through the acquisition of the Cooke. This made it necessary, in terms of the Greenhouse Gas (GHG) Protocol's 'A Corporate Accounting and Reporting Standard', for the carbon footprint to be adjusted (restated in terms of the GHG Protocol) to include the Cooke operations GHG emissions. The method used to effect these adjustments was the ISO Standard, ISO 14064 Part 1 'Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals'.*

*b. Figures reported in 2013 annual report.*

*Sibanye has also adjusted its 2012 and 2013 nitrogen oxide (NOx) and sulfur oxide (SOx) emissions to account for the acquisition of the Cooke assets and improved calculation, which applies internationally credible air-pollutant emission factors from the US Environmental Protection Agency, and includes the NOx and SOx emissions for the combustion of all of Sibanye's fuels.*

**"We have introduced various measures to save energy** during peak consumer times"

# NATURAL CAPITAL
CONTINUED

### 6 AIR QUALITY

Our approach to air quality management is to control dust at source with extraction and filtration systems as well as dust suppression, including water sprays. Air quality is also affected by emissions from certain processes, identified by the Department of Environmental Affairs on a list of activities that require monitoring. Sibanye's listed activities include the metallurgical smelting process, lead processes in the assay laboratories and waste incinerators at sewage works. In order to manage these processes, stack emissions of the discharges have been conducted. Stack emissions are conducted by isokinetic sampling. Isokinetic sampling collects particles in a stream moving at the same velocity in the sampling device as it does in the stream being sampled. This increases the accuracy and reliability of results, and allows the sample stream to enter without changing speed so that the risk of concentrating larger or smaller particles is reduced on site during the operations. The sample is then analysed at a laboratory to determine the composition and concentration of the emission gases and particulate matter. Results from the stack emissions have been used in impact assessments. The outcome of the impact assessment identified the sewage waste incineration processes as a potential area for improvement. Options for improvement are under investigation.

Complaints recorded in 2014 included the following:

- Beatrix received one complaint about dust by a farmer residing approximately 1.2km northwest of a dormant tailings dam on the mine. Although the dust was not blown towards his residence there, was visible dust along the public road leading to and from the property. The prevailing conditions at the time were very windy and the wind direction was north-easterly. The farmer accepted this explanation.
- The Merafong City Local Municipality lodged a complaint against Driefontein for excessive dust emanating from the area around the Driefontein No 2 and 3 gold plants. The complaint was lodged at the West Rand District Municipality Forum meeting on 18 September 2014. An urgent investigation was conducted and it was found that, during the windy season, dust was liberated from the gravel roads and rock transfer systems. Additional measures were instituted for more frequent watering down as a more effective method of dust suppression. The matter was resolved and the complainant was informed on the following day.
- Higher than normal dustfall levels were recorded south of Kloof at Bekkersdal. The Venterspost tailings facility to the northwest was identified as a potential dust source. Dustfall from this facility for the same period, recorded by the dust bucket south of the tailings facility at the Venterspost Primary School, was less than 600mg/m$^2$/day. This suggests other sources may be contributing to dustfall at Bekkersdal. The dustfall buckets at the Cooke operations – located to the north, east and south of Bekkersdal, also recorded dust levels of less than 600mg/m$^2$/day over the same period. This suggests that a localised event may be contributing to the dustfall at Bekkersdal. An investigation in conjunction with the West Rand District Municipality was conducted and revealed that ground preparation and erection of a new prefabricated building and cleaning of the roads in the area at that time may have contributed to the higher than normal dustfall.

All of our operations have submitted applications for atmospheric emissions licences in terms of the National Environmental Management: Air Quality Act, 2004 (Act No 39 of 2004) (Air Quality Act).

Kloof, Driefontein, Beatrix and Burnstone have provisional atmospheric emissions licences. A site inspection by the Lejweleputswa District Municipality at Beatrix, as part of the process to convert the provisional atmospheric emissions licence to a permanent atmospheric emissions licence is scheduled for 2015.

The West Rand District Municipality is still processing the application for Cooke 4.

Cooke 1, 2 and 3 do not require an atmospheric emissions licence as smelting and incineration are not undertaken at those operations. Concentrate is sent to Rand Refinery for smelting.

The promulgated national dustfall regulations, as listed by the American Society for Testing and Materials (ASTM) International D1739, are used as a reference method and multi-directional buckets were used to collect dust throughout 2014. The multi-directional buckets have been successful in determining the potential contributing sources of dust in assessing the effectiveness of controls and in response to complaints. Wind direction provides information of potential sources that may be contributing to dustfall at a particular point. Discussions with the authorities have been positive and a process to determine equivalence between the ASTM method and the multidirectional buckets began in 2014.

Sibanye complies with the National Environmental Management: Air Quality Act. The legislated air quality standards in terms of the Air Quality Act take precedence over SANS standards. The Department of Environmental Affairs has published draft regulations on the compilation of pollution prevention plans and atmospheric emission reporting, as well as a discussion paper on the development of desired emission reduction outcomes for sectors and sub-sectors of the economy. Companies, like Sibanye, emitting more than 100,000t $CO_2$e per annum may be required to submit five-year pollution prevention plans to the Department of Environmental Affairs. In addition, these companies may be allocated carbon budgets, which would need to be managed in order to achieve the desired emission reduction outcomes.

### 7 LAND MANAGEMENT, REHABILITATION AND CLOSURE

Sibanye owns approximately 50,316ha of land – 17,359ha has been disturbed by mining and processing activities.

We are in different phases of developing biodiversity action plans (BAPs) for all our operations. Driefontein's BAPs have been completed and implemented while assessments were finalised at Kloof and Cooke 4 in 2014. This process is subject to stakeholder engagement to ensure that the BAPs are aligned not only with our vision but those of the local communities and government. The Beatrix assessment is scheduled for 2015 and its BAPs are due to be finalised in 2016.

Based on the outcome of the land use survey conducted in 2013, which indicated that landowners wanted to continue agricultural activities in future, we embarked on a study to determine the land capability of the Kloof and Driefontein properties in 2014.

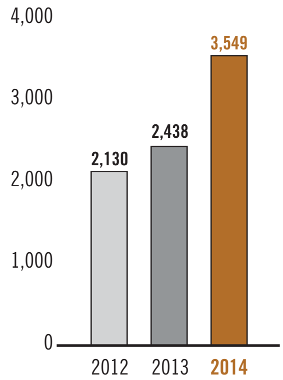
The outcome of this study will determine the expansion of local economic development projects with a view to optimising the use of available land.

As sustainable development and land management are closely related, alien vegetation is removed through local economic development projects at Kloof and Driefontein. This intervention will be rolled out across the Group in 2015.

At Kloof, an old training centre and a ventilation shaft were demolished and the area was rehabilitated, while a pilot agricultural project successfully completed its second season when soya beans and maize were planted. A portion of the harvest from this medium-term (three to five years) project to rehabilitate the land to optimal agricultural potential is donated to the local community. In 2014, five tons of maize meal were received by a local school's feeding scheme.

Sibanye's closure plans remain interim measures with focus on developing demolition/closure plans for areas identified for rehabilitation. Our closure liability is assessed annually by a recognised independent consultant. All additions and rehabilitation, new innovations and changes in legislation are taken into account during the assessment. It is fully funded by a combination of payments into trust funds and insurance guarantees.

**Cumulative closure and rehabilitation liability (Rm)**




*Only unscheduled closure costs are reflected above (closure liability costs at the point of unexpected, unplanned closure of a mining operation, and not according to life-of-mine plans)*

**Land management (ha)**

| | 2014* | 2013 | 2012 |
|---|---|---|---|
| Total land under management | **50,316** | 36,690 | 36,690 |
| Land disturbed by mining and related activities during the period | **–** | – | – |
| Cumulative total of land disturbed by mining and related activities | **17,359** | 7,449 | 7,449 |
| Land rehabilitated during the period to agreed land use | **–** | – | – |
| Cumulative total of land rehabilitated | **–** | – | – |

** Including Cooke*

**Closure liability and associated financial provision for 2014 (Rm)**

| | Beatrix | Burnstone | Cooke | Driefontein | Kloof | Total |
|---|---|---|---|---|---|---|
| **Closure liability as at 31 December 2014** | | | | | | |
| Closure costs (unscheduled) | **547** | **93** | **872** | **1,126** | **911** | **3,549** |
| **Total funded (fund and guarantees) as at 31 December 2014** | | | | | | |
| Environmental Rehabilitation Obligation Funds | **341** | **33** | **350** | **774** | **695** | **2,193** |
| Guarantees | **206** | **60** | **522** | **352** | **216** | **1,356** |

# NATURAL CAPITAL
CONTINUED

### 8 ENVIRONMENTAL ENGAGEMENT

Engagement with stakeholders on environmental issues is an ongoing process, and the frequency of engagement is largely determined by the materiality of the issue and the profile of the stakeholder. Our key stakeholders on environmental issues include our regulators, such as the Department of Mineral Resources, the Department of Environmental Affairs, the Department of Water and Sanitation, industry associations such as the Chamber of Mines, neighbouring landowners, local municipalities, surrounding communities as well as relevant environmental organisations and NGOs, such as the Federation for a Sustainable Environment. Our own employees are also important internal environmental stakeholders. Issues raised during these engagements are dealt with by the Environmental Department and, if it is non-environmental, it is elevated to the relevant person within Sibanye. The issue determines who attends the engagements. However, our Environmental Department is largely responsible for environmental engagement.

**Key environmental stakeholders**

| | Broad objective of engagement | Frequency and outcome |
|---|---|---|
| **Gauteng Department of Agriculture and Rural Development** | • Engagement on environmental permitting and related requirements for WRTRP | • Once-off engagement<br>• Due to WRTRP, engagement set to intensify in 2015<br>• Positive outcome of engagement and willingness to engage further on WRTRP |
| **West Rand District Municipality** | • Engagement with public safety officials regarding re-opening of old Venterspost Road<br>• Engagement with officials of Environmental Department regarding proposed WRTRP<br>• Engagement with Section 80 Committee of municipality regarding proposed WRTRP<br>• Quarterly engagement with municipality regarding regional environmental management issues | • Quarterly engagement with municipality's environmental forum<br>• Remainder of engagement is *ad hoc* and issues-based<br>• Positive outcomes of all engagements between Sibanye and municipality<br>• Section 80 Committee supports WRTRP and objectives, and further engagements will be set up |
| **Department of Mineral Resources** | • Engagement on status of environmental management at our operations and compliance with the EMP<br>• Engagement on the approval of EMPs for some operations | • As and when required<br>• Numerous engagements in 2014, notably on EMPs<br>• Engagements are ongoing |
| **Department of Environmental Affairs** | • Engagement on the environmental permitting and related requirements for WRTRP | • Once-off engagement<br>• Due to WRTRP, engagement set to intensify in 2015<br>• Positive outcome of engagement and willingness to engage further on WRTRP<br>• Indirect engagement with Department of Environmental Affairs, via Chamber of Mines, on legislative issues |
| **Federation for a Sustainable Environment** | • Engagement geared towards better understanding of "agenda" of most important non-governmental organisations within area of influence<br>• Ensure potential engagement risks are pro-actively identified, managed and mitigated | • *Ad hoc* engagement<br>• Engagement is largely issues-based<br>• Engagements in 2014 revolved around WRTRP permitting process, removal of alien vegetation on some Sibanye properties and resultant perceived negative impacts on neighbours, sharing information on important legislative changes and emerging environmental issues<br>• In addition to above direct engagements, numerous workshops with community members to highlight environmental risks and challenges, and practical solutions pursued by Sibanye to address and mitigate risks |

### Key environmental stakeholders

| | Broad objective of engagement | Frequency and outcome |
|---|---|---|
| **Chamber of Mines Environmental Policy Committee** | • A mining industry environmental forum to discuss and formulate environmental policy<br>• Mining industry's position also discussed and formulated | • Monthly meetings and *ad hoc* engagements as necessary<br>• Engagements policy-driven and implementation resides with mining houses<br>• On behalf of Sibanye and other members, Chamber of Mines also engages with relevant government departments |
| **Water Forums (Loop and Wonderfonteinspruit)** | • Limited engagement and involvement in 2014 due to hand-over to Sibanye's Water Department | • Quarterly engagements<br>• In addition to water-related issues, general environmental issues also raised<br>• Appropriate platform for members to raise relevant issues (well-attended) |
| **Far Western Basin Technical Working Group** | • Sibanye's involvement revolves primarily around mine/shaft closure management<br>• Water management issues also discussed | • Quarterly meetings<br>• Meetings chaired by the Department of Mineral Resources<br>• In 2015, discussions around regional closure plans and how this dovetails with Sibanye's closure plans to be intensified |
| **Visits by external parties** | • Organised by Federation for a Sustainable Environment, mainly to Cooke operations by, *inter alia*, government officials, church leaders, academia, overseas specialists, school groups, among others, for first-hand experience of Sibanye's environmental and water management practices | • At least monthly site visits<br>• Staff from Environmental Department and Surface Operations: Technical involved in site visits<br>• Visits and associated discussions well received by attendees |
| **Internal stakeholders** | • Engagement with executive management on high-level policy issues (for example, carbon tax, emerging environmental legislation, among others)<br>• Engagement with senior management on environmental performance and operational environmental issues<br>• Engagement with employees on applicable legal requirements<br>• Engagement with broader internal stakeholders, via Group-wide electronic communications: Water Week, hydrocarbon management, incident management and Arbor Day, among others<br>• Environmental articles in quarterly Sibanye newsletter | • Engagements focus on increasing environmental awareness among staff members<br>• Although numerous engagements held in 2014, this will be focus area in 2015, largely due to greater focus on compliance and promulgation and roll-out of new environmental legislation |

| | | | | |
|---|---|---|---|---|
| Local and provincial government | National government | Non-governmental organisations | Forums/key institutions | Other |

# NATURAL CAPITAL
CONTINUED

## IDENTIFYING RISKS AND OPPORTUNITIES RELATING TO CLIMATE CHANGE

Sibanye recognises global warming and climate change as a reality, and is committed to contribute to a global solution. In 2014, a workshop was conducted to evaluate and reassess the risks and opportunities relating to climate change. The primary purpose of the workshop was to review the latest developments on climate change and carbon management with the intention of qualitatively assessing risks and opportunities for Sibanye.

Potential risks are:

- **financial** (such as carbon tax implementation and electricity price escalation);
- **business** (such as sector emission reduction goals and Group carbon budgets); and
- **meteorological** (such as changes in rainfall intensities and key commodities scarcity).

Opportunities identified include:

- **revenue recycling** (such as tax incentives and rebates for carbon emissions reduction activities);
- **renewable energy** (such as solar); and
- **alternative energy** (such as methane).

In order to minimise risks and to take further advantage of available opportunities, Sibanye consults the greenhouse gases management handbook developed in 2014 as an essential tool for companies operating in South Africa, especially in light of the dynamic regulatory environment. The handbook is useful in that it gives clear guidance on calculating and managing greenhouse gas emissions, advice on improving existing greenhouse gas management systems and recommendations for dealing with proposed regulatory requirements.

Sibanye has also partnered with the National Business Initiative and government's Private Sector Energy Efficiency (PSEE) programme to explore further actions in terms of four work streams (scheduled to begin in 2015):

1. Carbon footprinting
2. Regional climate change survey update
3. Carbon management protocol development
4. Development of a five-year pollution prevention plan

We continue to participate in the climate change debate nationally and internationally. Through the Chamber of Mines, we have provided input and comment on climate change and climate change management.

South Africa is committed to contributing to greenhouse gas mitigation efforts in order to keep the rise in global mean temperature well below 2°C. In order to fulfil this obligation and in developing a comprehensive policy framework for responding to climate change, government has developed the National Climate Change Response Policy (NCCRP), and has indicated its intention to introduce a carbon tax from 2016. National Treasury released a carbon offsets paper for comment in 2014, and is considering these comments with a view to finalising the offsets allowances for the various sectors. Further to this, in March 2014, South Africa's Minister of Environmental Affairs gave notice of two amendments to the Air Quality Act under sections 57(1) and 57(1) (a) respectively: Declaration of Greenhouse Gases as Priority Pollutants – Section 29(1) and publishing National Pollution Prevention Plans (PPP) regulations – Section 29(3), 53(o) and (p). These regulations require any company emitting greenhouse gases in excess of 100,000t$CO_2$e per annum to prepare, submit and implement a PPP every five years. As Sibanye emits more than 100,000t$CO_2$e per annum, the Group will be subject to these regulations.

The NCCRP states that it is a strategic priority to find cost-effective and beneficial mitigation policies, measures and interventions that lead to a reduction in emissions below the country's business-as-usual trajectory as measured against a benchmark peak, plateau and decline greenhouse gas emission trajectory. One of the key elements in the overall approach to mitigation is identifying desired sectoral mitigation contributions. This involves defining desired emission reduction outcomes for each significant sector and sub-sector of the economy based on an in-depth assessment of the mitigation potential, best available mitigation options, science, evidence, and a full assessment of the costs and benefits. The mining industry, represented by the Chamber of Mines Environmental Policy Committee, is involved in these processes.

Greenhouse gas mitigation potential analysis has been conducted by South Africa's Department of Environmental Affairs, and has identified and analysed mitigation options in key economic sectors. In the process, an updated projection of national greenhouse gas emissions into the future has been developed, along with marginal abatement cost curves for key sectors and subsectors. The marginal abatement cost curves provide a set of options to the gold mining sector to reduce carbon emissions. They are valuable tools in understanding emissions trading, driving forecasts of carbon prices, prioritising investment opportunities, and shaping policy discussions. The marginal abatement cost curve summarises the estimate of the realistic volume and costs of opportunities to reduce greenhouse gas emissions.

A socio-economic and environmental assessment of the identified mitigation options has also been conducted, leading to the development of national abatement pathways and an assessment of the wider macroeconomic impacts of implementing a broad set of mitigation options.

We fully understand the financial implications of climate change, such as carbon tax, the introduction and switch over to renewable energy, among others. The effect on our profitability has been incorporated into budgeting and other planning processes. A levy of R0.035 per kWh is payable on the electricity we purchase from Eskom. Provision for this levy was made in our 2014 budget cycle.

# INDEPENDENT ASSURANCE REPORT

**TO THE DIRECTORS OF SIBANYE GOLD LIMITED**

We have undertaken a limited assurance engagement on selected sustainability performance indicators, as described below and presented in the Sibanye Gold Limited (SGL) Integrated Annual Report for the year ended 31 December 2014 (the Report). This engagement was conducted by a multi-disciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

## SUBJECT MATTER

We are required to provide limited assurance on the selected sustainability performance indicators set out in the table below.

| Selected Sustainability Performance Indicators | Unit |
|---|---|
| **(a) Prepared in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI G4 Guidelines)** | |
| **Environment** | |
| Total $CO_2$ Equivalent Emissions, Scope 1-2 | Tonnes |
| Electricity | MWh |
| Number of environmental incidents - Level 3 and above | Number |
| Total Water Withdrawal | Ml |
| Diesel | TJ |
| **Health** | |
| Number of cases of Silicosis reported | Number of cases |
| Number of cases of Noise Induced Hearing Loss reported | Number of cases |
| Number of cases of chronic obstructive airways diseases (COAD) reported | Number of cases |
| Cardio Respiratory Tuberculosis (Number of new cases reported) | Number of new cases |
| Number of employees in Highly Active Anti-Retroviral Therapy (HAART) programme | Cumulative |
| Percentage of workforce on the voluntary counselling and testing (VCT) programme | Percentage |
| **Safety** | |
| Lost Time Injury Frequency Rate (LTIFR) | Rate |
| Medically Treated Injury Frequency Rate (MTIFR) | Rate |
| Number of Fatalities | Number |
| **Social** | |
| Total socio economic development (SED) spend in Rands | R' million |
| **(b) Prepared in compliance with the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Mineral Industry (BBSEEC) (2002) and related scorecard (2004)** | |
| Rand Value spent on approved SLP projects | R' million |
| **(c) Prepared in compliance with the Amendment to the BBSEEC (2010) and related scorecard (2010)** | |
| **Employment Equity** | |
| Percentage HDSAs in Management who are classified as designated groups and who are employed at management levels (Excluding foreign nationals and white males) | Total Percentage at<br>Top Management (Board)<br>Senior (Exco)<br>Middle (E Band)<br>Junior (D Band) |
| **Procurement and Enterprise Development** | |
| Total procurement spend from BEE entities | R' million |
| BEE Procurement Spend : Capital Goods | Percentage (%) |
| BEE Procurement Spend: Services | Percentage (%) |
| BEE Procurement Spend: Consumable Goods | Percentage (%) |

# INDEPENDENT ASSURANCE REPORT
CONTINUED

## DIRECTORS RESPONSIBILITY FOR THE REPORT
The Directors are responsible for the selection, preparation and presentation of the selected sustainability performance indicators. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the selection and application of the following reporting criteria used in the preparation and presentation of the respective selected sustainability performance indicators:

(a) the GRI G4 Guidelines;

(b) the BBSEEC (2002) and related Scorecard (2004); and

(c) the Amendments to the BBSEEC (2010) and related Scorecard (2010).

## OUR INDEPENDENCE AND QUALITY CONTROL
We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, KPMG Services Proprietary Limited maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## OUR RESPONSIBILITY
Our responsibility is to express limited assurance conclusion on the selected sustainability performance indicators in (a), (b) and (c) based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. The Standard requires us to plan and perform our engagement to obtain limited assurance about whether the selected sustainability performance indicators are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of SGL's use of the reporting criteria set out above as the basis of preparation for the selected sustainability performance indicators, assessing the risks of material misstatement of the selected sustainability performance indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability performance indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and data owners to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability performance indicators;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the sustainability performance indicators;
- Undertook site visits at Beatrix, Kloof, Driefontein, Cooke and Libanon Business Park; and
- Evaluated whether the selected sustainability performance indicators presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at SGL.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether SGL's selected sustainability performance information as set out in (a), (b) and (c) have been prepared, in all material respects, in accordance with the relevant reporting criteria.

## LIMITED ASSURANCE CONCLUSIONS

In relation to the Report for the year ended 31 December 2014, we report

(a) On the selected sustainability performance indicators prepared in accordance with the GRI G4 Guidelines

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability performance indicators in (a) above are not prepared, in all material respects, in accordance with the GRI G4 Guidelines.

(b) On the selected sustainability performance indicators prepared in compliance with the BBSEEC (2002) and related Scorecard (2004)

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability performance indicators in (b) above are not prepared, in all material respects, in compliance with the BBSEEC (2002) and related Scorecard (2004).

(c) On the selected sustainability performance indicators prepared in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010)

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability performance indicators in (c) above are not prepared, in all material respects, in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010).

## OTHER MATTERS

The maintenance and integrity of the SGL's Website is the responsibility of SGL management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation of the Report on the SGL Website.

## RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express limited assurance conclusions on the selected sustainability performance indicators to the Directors of SGL in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than SGL, for our work, for this report, or for the conclusion we have reached.

KPMG Services Proprietary Limited

**PD Naidoo**
**Director**
Johannesburg
23 March 2015

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

**J Erasmus**
**Director**
Johannesburg
23 March 2015

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

# ASSURED DATA

**KEY SUSTAINABILITY PERFORMANCE DATA SELECTED BY SIBANYE FOR ASSURANCE BY KPMG SERVICES**

| Selected Sustainability Performance Indicators | Unit | SGL Data |
|---|---|---|
| **(a) Prepared in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI G4 Guidelines)** | | |
| **Environment** | | |
| Total $CO_2$ Equivalent Emissions, Scope 1-2 (including fugitive mine methane) | Tonnes | 5,174,658 |
| Electricity | MWh | 4,274,290 |
| Number of environmental incidents - Level 3 and above | Number | 9 |
| Total Water Withdrawal | Ml | 116,851 |
| Diesel | TJ | 225.44 |
| **Health** | | |
| Number of cases of Silicosis reported | Number of cases | 264 |
| Number of cases of Noise Induced Hearing Loss reported | Number of cases | 138 |
| Number of cases of chronic obstructive airways diseases (COAD) reported | Number of cases | 45 |
| Cardio Respiratory Tuberculosis (Number of new cases reported) | Number of new cases | 566 |
| Number of employees in Highly Active Anti-Retroviral Therapy (HAART) programme | Cumulative | 4,604 |
| Percentage of workforce on the voluntary counselling and testing (VCT) programme | Percentage | 11.21 |
| **Safety** | | |
| Lost Time Injury Frequency Rate (LTIFR) | Rate | 5.87 |
| Medically Treated Injury Frequency Rate (MTIFR) | Rate | 3.37 |
| Number of Fatalities | Number | 13 |
| **Social** | | |
| Total socio economic development (SED) spend in Rands | R' million | 1,055 |
| **(b) Prepared in compliance with the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry (BBSEEC) (2002) and related scorecard (2004)** | | |
| Rand Value spent on approved SLP projects* | R' million | 24.332 |
| **(c) Prepared in compliance with the Amendment to the BBSEEC (2010) and related scorecard (2010)** | | |
| **Employment Equity** | | |
| Percentage HDSAs in Management who are classified as designated groups and who are employed at management levels (Excluding foreign nationals and white males) | Total Percentage at | |
| | Top Management (Board) | Top management = 41.7 |
| | Senior (Exco) | Senior (Exco) = 41.0 |
| | Middle (E Band) | Middle (E band) = 24.6 |
| | Junior (D Band) | Junior (D Band) = 45.8 |
| **Procurement and Enterprise Development** | | |
| Total procurement spend from BEE entities | R' billion | 4.68 |
| BEE Procurement Spend: Capital Goods | Percentage (%) | 54 |
| BEE Procurement Spend: Services | Percentage (%) | 72 |
| BEE Procurement Spend: Consumable Goods | Percentage (%) | 67 |

** The parameter "Rand Value spent on approved SLP projects" includes LED spend on projects submitted in the SLPs to the DMR.*

# STATEMENT OF MINERAL RESOURCES AND MINERAL RESERVES

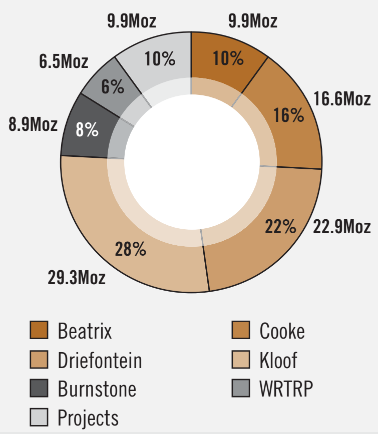
Sibanye's approach to reporting Mineral Resources and Mineral Reserves is to ensure integrity and consistency in compliance with public and internal regulatory codes, and to inform all stakeholders of the status of the Group's fundamental asset base. We also aim to report on information that is rated important for disclosure through a level of detail required for materiality, transparency and competency in reporting.

This section is a condensed overview of the Sibanye Gold Mineral Resource and Mineral Reserve Supplement 2014. The supplement contains a comprehensive review of our Mineral Resources and Mineral Reserves as at 31 December 2014, which outlines in detail the location, geology, mining, processing, operational statistics and changes at each of Sibanye's mining operations. The statement of 31 December 2014 outlines the Mineral Resources and Mineral Reserves at each of our operating mines and growth projects, and compares to the last full declaration made as at 31 December 2013, and therefore includes a 12-month production depletion period. The Mineral Resources and Mineral Reserves are underpinned by appropriate mineral resource management processes and protocols that ensure adequate corporate governance.

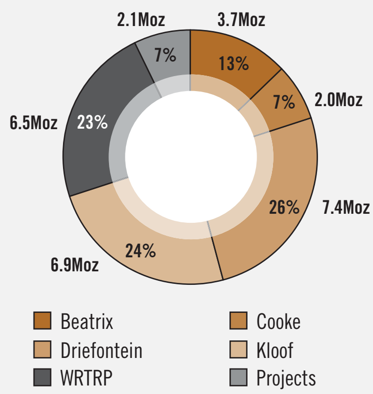
The commodity prices used for the mineral reserve declaration are in accordance with the SEC guidelines and approximate the historic two- to three-year average commodity prices. As a result, a gold price of R420 000/kg and a uranium price of US$56/lb has been used. The Mineral Resources were declared at a premium of 10% over the mineral reserve metal price.

## MANAGED GOLD MINERAL RESOURCES AND MINERAL RESERVES PER OPERATION AS AT 31 DECEMBER 2014

**Gold Mineral Resources** (103.9Moz)

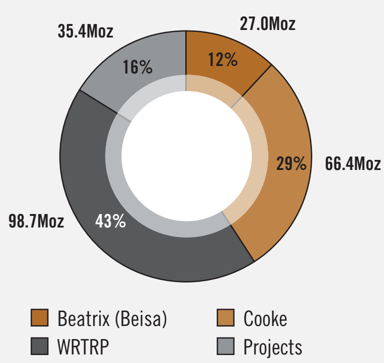



**Gold Mineral Reserves** (28.4Moz)

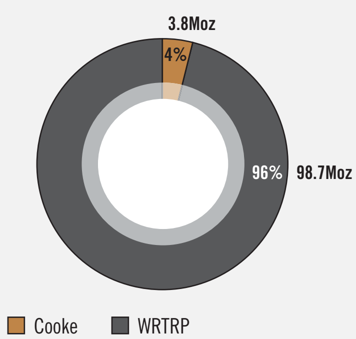



## MANAGED URANIUM MINERAL RESOURCES AND MINERAL RESERVES PER OPERATION AS AT 31 DECEMBER 2014

**Uranium Mineral Resources** (227.4Mlb)




**Uranium Mineral Reserves** (102.5Mlb)



# STATEMENT OF MINERAL RESOURCES AND MINERAL RESERVES
CONTINUED

All stated Mineral Resources and Mineral Reserves are net of 12 months production depletion with the post-acquisition declaration totals as at 31 December 2013, where appropriate, also tabulated for an appraised comparison.

**CLASSIFIED GOLD MINERAL RESOURCE AND MINERAL RESERVE STATEMENT[1]**

| | Mineral Resources | | | | | Mineral Reserves | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 31 Dec 2014 | | | 31 Dec 2013 | | 31 Dec 2014 | | | 31 Dec 2013 |
| Gold Classification | Tons (Mt) | Grade (g/t) | Gold (Moz) | Gold (Moz) | Gold Classification | Tons (Mt) | Grade (g/t) | Gold (Moz) | Gold (Moz) |
| OPERATIONS | | | | | OPERATIONS | | | | |
| BEATRIX | | | | | BEATRIX | | | | |
| Measured AI | 18.5 | 6.4 | 3.792 | 3.092 | Proved AI | 13.0 | 4.1 | 1.706 | 1.836 |
| Indicated AI | 32.0 | 5.2 | 5.332 | 4.399 | Probable AI | 14.0 | 4.2 | 1.892 | 1.706 |
| Inferred AI | 0.0 | 3.3 | 0.004 | 0.566 | | | | | |
| **Total AI** | 50.5 | 5.6 | 9.128 | 8.058 | **Total AI** | 27.0 | 4.1 | 3.598 | 3.543 |
| Indicated BI[2] | 4.2 | 4.9 | 0.660 | 1.119 | Probable BI[2] | – | – | – | – |
| **Beatrix – total underground** | 54.7 | 5.6 | 9.788 | 9.177 | **Beatrix – total underground** | 27.0 | 4.1 | 3.598 | 3.543 |
| COOKE 1, 2 AND 3 | | | | | COOKE 1, 2 AND 3 | | | | |
| Measured AI | 6.5 | 10.8 | 2.243 | 5.772 | Proved AI | 6.4 | 5.0 | 1.035 | 0.830 |
| Indicated AI | 26.9 | 6.9 | 5.991 | 3.529 | Probable AI | 0.7 | 5.6 | 0.122 | 0.380 |
| Inferred AI | 6.0 | 5.7 | 1.101 | 1.900 | | | | | |
| **Cooke 1, 2 and 3 – total underground** | 39.4 | 7.4 | 9.334 | 11.202 | **Cooke 1, 2 and 3 – total underground** | 7.1 | 5.1 | 1.157 | 1.210 |
| COOKE 4 | | | | | COOKE 4 | | | | |
| Measured AI | 5.0 | 5.8 | 0.932 | 0.411 | Proved AI | 3.7 | 4.3 | 0.520 | 0.132 |
| Indicated AI | 7.9 | 6.6 | 1.668 | 3.804 | Probable AI | 1.1 | 4.5 | 0.164 | 0.497 |
| Inferred AI | 2.6 | 6.4 | 0.542 | 3.570 | | | | | |
| **Total AI** | 15.5 | 6.3 | 3.142 | 7.785 | **Total AI** | 4.9 | 4.4 | 0.685 | 0.629 |
| Indicated BI[3] | 40.7 | 3.1 | 3.998 | | Probable BI[3] | – | – | – | – |
| **Cooke 4 – total underground** | 56.2 | 4.0 | 7.140 | 7.785 | **Cooke 4 – total underground** | 4.9 | 4.4 | 0.685 | 0.629 |
| DRIEFONTEIN | | | | | DRIEFONTEIN | | | | |
| Measured AI | 21.5 | 11.9 | 8.229 | 7.542 | Proved AI | 12.1 | 7.0 | 2.716 | 2.467 |
| Indicated AI | 10.5 | 12.1 | 4.088 | 3.351 | Probable AI | 14.4 | 7.3 | 3.387 | 3.440 |
| Inferred AI | 1.1 | 16.0 | 0.550 | 0.315 | | | | | |
| **Total AI** | 33.1 | 12.1 | 12.867 | 11.208 | **Total AI** | 26.6 | 7.1 | 6.103 | 5.907 |
| Indicated BI[4] | 29.5 | 10.2 | 9.684 | 9.694 | Probable BI[4] | 5.5 | 6.3 | 1.126 | – |
| Inferred BI[4] | 0.7 | 9.4 | 0.204 | 0.201 | | | | | |
| **Total BI[4]** | 30.1 | 10.2 | 9.888 | 9.895 | **Total BI[4]** | 5.5 | 6.3 | 1.126 | – |
| **Driefontein – total underground** | 63.2 | 11.2 | 22.755 | 21.103 | **Driefontein – total underground** | 32.1 | 7.0 | 7.228 | 5.907 |
| KLOOF | | | | | KLOOF | | | | |
| Measured AI | 20.7 | 14.5 | 9.618 | 8.636 | Proved AI | 11.3 | 8.1 | 2.932 | 3.599 |
| Indicated AI | 1.9 | 12.6 | 0.775 | 2.232 | Probable AI | 12.8 | 7.9 | 3.243 | 2.178 |
| **Total AI** | 22.6 | 14.3 | 10.393 | 10.868 | **Total AI** | 24.1 | 8.0 | 6.175 | 5.777 |
| Indicated BI[5] | 19.2 | 13.8 | 8.538 | 8.983 | Probable BI[5] | 2.1 | 7.9 | 0.532 | – |
| Inferred BI[5] | 19.0 | 16.7 | 10.175 | 10.281 | | | | | |
| **Total BI[5]** | 38.1 | 15.3 | 18.713 | 19.264 | **Total BI[5]** | 2.1 | 7.9 | 0.532 | – |
| **Kloof – total underground** | 60.7 | 14.9 | 29.106 | 30.132 | **Kloof – total underground** | 26.2 | 8.0 | 6.706 | 5.777 |
| **Operations – total underground** | 274.2 | 8.9 | 78.124 | 79.398 | **Operations – total underground** | 97.2 | 6.2 | 19.374 | 17.065 |

| Mineral Resources | | | | | Mineral Reserves | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 31 Dec 2014 | | | 31 Dec 2013 | | 31 Dec 2014 | | | 31 Dec 2013 |
| Gold Classification | Tons (Mt) | Grade (g/t) | Gold (Moz) | Gold (Moz) | Gold Classification | Tons (Mt) | Grade (g/t) | Gold (Moz) | Gold (Moz) |
| **Surface Rock Dumps (SRD) and Tailings Storage Facilities (TSF)** | | | | | **Surface Rock Dumps (SRD) and Tailings Storage Facilities (TSF)** | | | | |
| Beatrix (Indicated) | **6.2** | **0.4** | **0.071** | 0.134 | Beatrix (Probable) | **6.2** | **0.4** | **0.071** | 0.088 |
| Randfontein surface (Measured) | **7.3** | **0.4** | **0.086** | 0.200 | Randfontein surface (Proved) | **7.3** | **0.4** | **0.086** | 0.190 |
| Randfontein surface (Indicated) | **2.2** | **0.4** | **0.028** | 0.072 | Randfontein surface (Probable) | **2.2** | **0.4** | **0.028** | 0.040 |
| Randfontein surface (Inferred) | **–** | **–** | **–** | 0.011 | | | | | |
| Driefontein (Indicated) | **6.8** | **0.6** | **0.125** | 0.150 | Driefontein (Probable) | **6.8** | **0.6** | **0.125** | 0.150 |
| Kloof (Indicated) | **13.1** | **0.5** | **0.223** | 0.246 | Kloof (Probable) | **10.3** | **0.6** | **0.194** | 0.246 |
| **Operations – total surface (SRD and TSF)** | **35.5** | **0.5** | **0.533** | 0.813 | **Operations – total surface (SRD and TSF)** | **32.7** | **0.5** | **0.504** | 0.715 |
| **Total operations (Incl. SRD and TSF – Excl. Projects)** | | | | | **Total Operations (Incl. SRD and TSF – Excl. Projects)** | | | | |
| Beatrix | **60.9** | **5.0** | **9.859** | 9.311 | Beatrix | **33.2** | **3.4** | **3.669** | 3.631 |
| Cooke | **105.0** | **4.9** | **16.589** | 19.270 | Cooke | **21.3** | **2.8** | **1.955** | 2.069 |
| Driefontein | **70.0** | **10.2** | **22.880** | 21.253 | Driefontein | **38.9** | **5.9** | **7.354** | 6.057 |
| Kloof | **73.8** | **12.4** | **29.329** | 30.378 | Kloof | **36.5** | **5.9** | **6.900** | 6.023 |
| **Operations – total (Incl. SRD and TSF)** | **309.7** | **7.9** | **78.657** | 80.211 | **Operations – total (Incl. SRD and TSF)** | **129.9** | **4.8** | **19.878** | 17.780 |
| **PROJECTS** | | | | | **PROJECTS** | | | | |
| **BEISA NORTH**[6] | | | | | **BEISA NORTH**[6] | | | | |
| Inferred | **14.8** | **3.4** | **1.619** | 1.546 | Probable | **–** | **–** | **–** | – |
| **Beisa North – total underground** | **14.8** | **3.4** | **1.619** | 1.546 | **Beisa North – total underground** | **–** | **–** | **–** | – |
| **BLOEMHOEK**[7] | | | | | **BLOEMHOEK**[7] | | | | |
| Indicated | **27.4** | **4.7** | **4.163** | 10.600 | Probable | **–** | **–** | **–** | 5.400 |
| Inferred | **0.9** | **4.9** | **0.135** | 3.400 | | | | | |
| **Bloemhoek – total underground** | **28.3** | **4.7** | **4.297** | 14.000 | **Bloemhoek – total underground** | **–** | **–** | **–** | 5.400 |
| **BURNSTONE** | | | | | **BURNSTONE** | | | | |
| Indicated | **25.4** | **5.3** | **4.350** | – | Probable | **–** | **–** | **–** | – |
| Inferred | **28.7** | **4.9** | **4.540** | – | | | | | |
| **Burnstone – total underground** | **54.1** | **5.1** | **8.890** | – | **Burnstone – total underground** | **–** | **–** | **–** | – |
| **DE BRON-MERRIESPRUIT**[8] | | | | | **DE BRON-MERRIESPRUIT**[8] | | | | |
| Indicated | **23.0** | **4.5** | **3.307** | 7.500 | Probable | **17.4** | **3.7** | **2.088** | 3.100 |
| Inferred | **5.3** | **4.2** | **0.715** | 3.400 | | | | | |
| **De Bron-Merriespruit – total underground** | **28.3** | **4.4** | **4.022** | 10.900 | **De Bron-Merriespruit – total underground** | **17.4** | **3.7** | **2.088** | 3.100 |

# STATEMENT OF MINERAL RESOURCES AND MINERAL RESERVES
## CONTINUED

| | Mineral Resources | | | | | Mineral Reserves | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 31 Dec 2014 | | | 31 Dec 2013 | | 31 Dec 2014 | | | 31 Dec 2013 |
| Gold Classification | Tons (Mt) | Grade (g/t) | Gold (Moz) | Gold (Moz) | Gold Classification | Tons (Mt) | Grade (g/t) | Gold (Moz) | Gold (Moz) |
| HAKKIES AND ROBIJN[9] | | | | | HAKKIES AND ROBIJN[9] | | | | |
| Indicated | – | – | – | 5.400 | Probable | – | – | – | – |
| Inferred | – | – | – | 10.200 | | | | | |
| **Hakkies and Robijn – total underground** | – | – | – | 15.600 | **Hakkies and Robijn – total underground** | – | – | – | – |
| **Projects – total underground** | **125.5** | **4.7** | **18.828** | 42.046 | **Projects – total underground** | **17.4** | **3.7** | **2.088** | 8.500 |
| WRTRP | | | | | WRTRP | | | | |
| Driefontein (Measured) | **166.4** | **0.3** | **1.805** | 1.786 | Driefontein (Proved) | – | – | – | – |
| Driefontein (Indicated) | – | – | – | – | Driefontein (Probable) | **166.4** | **0.3** | **1.805** | 1.786 |
| Kloof (Measured) | **262.2** | **0.3** | **2.253** | 2.236 | Kloof (Proved) | – | – | – | – |
| Kloof (Indicated) | – | – | – | – | Kloof (Probable) | **262.2** | **0.3** | **2.253** | 2.236 |
| Cooke (Measured) | **228.1** | **0.3** | **1.876** | 1.930 | Cooke (Proved) | – | – | – | – |
| Cooke (Indicated) | **52.3** | **0.3** | **0.524** | 0.524 | Cooke (Probable) | **280.4** | **0.3** | **2.401** | 2.400 |
| **WRTRP – total surface** | **709.0** | **0.3** | **6.459** | 6.475 | **WRTRP – total surface** | **709.0** | **0.3** | **6.459** | 6.422 |
| **Projects – total underground and surface** | **834.5** | **0.9** | **25.287** | 48.521 | **Projects – total underground and surface** | **726.4** | **0.4** | **8.547** | 14.922 |
| **Grand total – underground and surface** | **1144.2** | **2.8** | **103.944** | 128.733 | **Grand total – underground and surface** | **856.3** | **1.0** | **28.425** | 32.702 |

*AI: Above Infrastructure; BI: Below Infrastructure. Mineral Resources are inclusive of Mineral Reserves. All tons (t) relate to metric units. Rounding-off of figures may result in minor computational discrepancies, where this happens it is not deemed significant.*

*Cut-off grades have been calculated in accordance with the SEC Guidelines and approximate the historic two to three year average commodity prices. Mineral Resources were declared at a premium of 10% over the Mineral Reserve metal price. Gold Mineral Resources were determined at R460,000/kg and the Gold Mineral Reserves at R420,000/kg.*

[1] *Managed, unless otherwise stated;*

[2] *Beatrix Indicated Mineral Resources BI refers to material below 26 level (1,341 mbs);*

[3] *Cooke 4 Indicated Mineral Resources BI refers to material within Cooke 4 Prospecting Right (Zuurbekom);*

[4] *Driefontein Indicated and Inferred Mineral Resources and Probable Mineral Reserves BI refers to material below 50 level (3,300 mbs);*

[5] *Kloof Indicated and Inferred Mineral Resources and Probable Mineral Reserves BI refers to material below 45 level (3,347 mbs);*

[6] *The 2013 Mineral Resource at Beisa North is based on a Technical Report National Instrument 43-101 Technical Report, in accordance with Form 43-101F1 on behalf of Wits Gold, as compiled by ExplorMine Consultants on 30 June 2009. The Competent Persons who prepared the statement were Andre Deiss BSc (Hons), Pr.Sci.Nat (Consulting Geologist), and Bill Northrop BSc (Hons), MSc, PhD, GDE, Pr.Sci.Nat., FGSSA, FSAIMM (Consulting Geostatistician) and Garth Mitchell BSc (Hons), BCom, Pr.Sci.Nat., MSAIMM, MGSSA (Consulting Geologist);*

[7] *The 2013 Bloemhoek Project Mineral Resources and Mineral Reserves are based on a Technical Report National Instrument 43-101 Technical Report, in accordance with Form 43-101F1 on behalf of Wits Gold, compiled by Turnberry Projects (Pty) Ltd in September 2009. The Qualified Persons for the preparation of this pre-feasibility study report were Gordon Cunningham and Timothy Spindler;*

[8] *The Competent Person designated in terms of SAMREC, who took responsibility for the reporting of the De Bron-Merriespruit Project Mineral Reserves as at 20 August 2013, was Mr JHK Hudson, Principal Engineer employed by Royal HaskoningDHV. The Competent Person designated in terms of SAMREC, who took responsibility for the reporting of the De Bron-Merriespruit Project gold Mineral Resources as at 20 August 2013, was Mr G Gilchrist, BSc (Hons) Geology, MGSSA, Pr.Sci.Nat. The gold Mineral Resources and Mineral Reserves at this project were determined at a cut-off of 300cm.g/t. This 2013 Mineral Resource and Mineral Reserve statement was declared by Wits Gold and was deemed compliant with the SAMREC Code; and*

[9] *The Competent Person designated in terms of SAMREC, who took responsibility for the reporting of the Hakkies & Robijn Projects Mineral Resources as at 6 September 2013, was Mr M Burnett, Principal Consultant at Snowden. The total gold 2013 Mineral Resources at these projects were determined at a cut-off of 300cm.g/t. This 2013 Mineral Resource and Mineral Reserve statement as declared by Wits Gold was deemed compliant with the SAMREC Code.*

**CLASSIFIED URANIUM MINERAL RESOURCE AND MINERAL RESERVE STATEMENT[1]**

| | Mineral Resources | | | | | Mineral Reserves | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 31 Dec 2014 | | | 31 Dec 2013 | | 31 Dec 2014 | | | 31 Dec 2013 |
| Uranium Classification | Tons (Mt) | Grade (kg/t) | $U_3O_8$ (Mlb) | $U_3O_8$ (Mlb) | Uranium Classification | Tons (Mt) | Grade (kg/t) | $U_3O_8$ (Mlb) | $U_3O_8$ (Mlb) |
| **OPERATIONS** | | | | | **OPERATIONS** | | | | |
| **BEATRIX (BEISA)** | | | | | **BEATRIX (BEISA)** | | | | |
| Measured AI | **3.6** | **1.086** | **8.548** | – | Proved AI | – | – | – | – |
| Indicated AI | **7.8** | **1.069** | **18.330** | 13.867 | Probable AI | – | – | – | – |
| Inferred AI | **0.0** | **1.101** | **0.090** | 11.791 | | | | | |
| **Beatrix (Beisa) – total underground** | **11.4** | **1.074** | **26.968** | **25.658** | **Beatrix (Beisa) – total underground** | – | – | – | – |
| **COOKE 1, 2 AND 3** | | | | | **COOKE 1, 2 AND 3** | | | | |
| Measured AI | **2.2** | **0.512** | **2.457** | 17.828 | Proved AI | **2.6** | **0.322** | **1.814** | 0.920 |
| Indicated AI | **7.5** | **0.598** | **9.871** | 10.755 | Probable AI | **0.2** | **0.408** | **0.187** | 0.930 |
| Inferred AI | – | – | – | 2.203 | | | | | |
| **Cooke 1, 2 and 3 – total underground** | **9.7** | **0.579** | **12.328** | **30.785** | **Cooke 1, 2 and 3 – total underground** | **2.8** | **0.329** | **2.001** | **1.850** |
| **COOKE 4** | | | | | **COOKE 4** | | | | |
| Measured AI | **2.2** | **0.666** | **3.240** | 4.174 | Proved AI | **1.5** | **0.475** | **1.574** | 1.209 |
| Indicated AI | **4.9** | **0.563** | **6.117** | 6.211 | Probable AI | **0.3** | **0.345** | **0.252** | 2.357 |
| Inferred AI | **1.1** | **0.288** | **0.717** | 9.691 | | | | | |
| **Total AI** | **8.3** | **0.553** | **10.073** | **20.075** | **Total AI** | **1.8** | **0.452** | **1.826** | **3.566** |
| Indicated BI[2] | **35.9** | **0.555** | **43.984** | – | Probable BI | – | – | – | – |
| **Cooke 4 – total underground** | **44.2** | **0.555** | **54.057** | **20.075** | **Cooke 4 – total underground** | **1.8** | **0.452** | **1.826** | 3.566 |
| **Operations – total underground** | **65.2** | **0.649** | **93.353** | **76.519** | **Operations – total underground** | **4.6** | **0.378** | **3.827** | **5.416** |
| **PROJECTS** | | | | | **PROJECTS** | | | | |
| **BEISA NORTH[3]** | | | | | **BEISA NORTH[3]** | | | | |
| Inferred | **14.8** | **1.084** | **35.373** | 47.840 | | | | | |
| **Beisa North – total underground** | **14.8** | **1.084** | **35.373** | **47.840** | **Beisa North – total underground** | – | – | – | – |
| **BLOEMHOEK[4]** | | | | | **BLOEMHOEK[4]** | | | | |
| Inferred | – | – | – | 20.900 | | | | | |
| **Bloemhoek – total underground** | – | – | – | **20.900** | **Bloemhoek – total underground** | – | – | – | – |
| **DE BRON-MERRIESPRUIT[5]** | | | | | **DE BRON-MERRIESPRUIT[5]** | | | | |
| Indicated | – | – | – | 8.200 | | | | | |
| Inferred | – | – | – | 4.600 | | | | | |
| **De Bron-Merriespruit – total underground** | – | – | – | **12.800** | **De Bron-Merriespruit – total underground** | – | – | – | – |

# STATEMENT OF MINERAL RESOURCES AND MINERAL RESERVES

| | Mineral Resources | | | | | Mineral Reserves | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 31 Dec 2014 | | | 31 Dec 2013 | | 31 Dec 2014 | | | 31 Dec 2013 |
| **Uranium Classification** | **Tons (Mt)** | **Grade (kg/t)** | **$U_3O_8$ (Mlb)** | **$U_3O_8$ (Mlb)** | **Uranium Classification** | **Tons (Mt)** | **Grade (kg/t)** | **$U_3O_8$ (Mlb)** | **$U_3O_8$ (Mlb)** |
| **HAKKIES & ROBIJN[6]** | | | | | **HAKKIES & ROBIJN[6]** | | | | |
| Inferred | – | – | – | 26.300 | | | | | |
| **Hakkies and Robijn – total underground** | **–** | **–** | **–** | **26.300** | **Hakkies and Robijn – total underground** | **–** | **–** | **–** | **–** |
| **Projects – total underground** | **14.8** | **1.084** | **35.373** | **107.840** | **Projects – total underground** | **–** | **–** | **–** | **–** |
| **WRTRP** | | | | | **WRTRP** | | | | |
| Driefontein (measured) | **158.2** | **0.064** | **22.326** | 21.764 | Driefontein (proved) | **–** | **–** | **–** | – |
| Driefontein (indicated) | **–** | **–** | **–** | – | Driefontein (probable) | **158.2** | **0.064** | **22.326** | 21.764 |
| Kloof (measured) | **262.2** | **0.038** | **22.071** | 21.391 | Kloof (proved) | **–** | **–** | **–** | – |
| Kloof (indicated) | **–** | **–** | **–** | – | Kloof (probable) | **262.2** | **0.038** | **22.071** | 21.391 |
| Cooke (measured) | **228.1** | **0.088** | **44.320** | 44.840 | Cooke (proved) | **–** | **–** | **–** | 44.320 |
| Cooke (indicated) | **52.3** | **0.086** | **9.936** | 9.936 | Cooke (probable) | **280.4** | **0.088** | **54.256** | 9.936 |
| **Projects – total surface** | **700.8** | **0.064** | **98.653** | **97.931** | **Projects – total surface** | **700.8** | **0.064** | **98.653** | **97.411** |
| **Projects – total underground and surface** | **715.6** | **0.085** | **134.026** | **205.771** | **Projects – total underground and surface** | **700.8** | **0.064** | **98.653** | **97.411** |
| **Grand total – underground and surface** | **780.8** | **0.132** | **227.379** | **282.290** | **Grand total – underground and surface** | **705.4** | **0.066** | **102.480** | **102.827** |

*AI: Above Infrastructure. All tons (t) relate to metric units. Mineral resources are inclusive of Mineral Reserves. Rounding-off of figures may result in minor computational discrepancies, where this happens it is not deemed significant. For Uranium Mineral Reserves a long-term contract price of R1,110/kg was used.*

1 *Managed, unless otherwise stated;*

2 *Cooke 123 Indicated Mineral Resources BI refers to material within Cooke Prospecting Right (Zuurbekom);*

3 *The 2013 Mineral Resource at Beisa North is based on a Technical Report National Instrument 43-101 Technical Report, in accordance with Form 43-101F1 on behalf of Wits Gold, as compiled by ExplorMine Consultants on 30 June 2009. The Qualified Competent Persons who prepared the statement were Andre Deiss BSc (Hons), Pr.Sci.Nat (Consulting Geologist), and Bill Northrop BSc (Hons), MSc, PhD, GDE, Pr.Sci.Nat., FGSSA, FSAIMM (Consulting Geostatistician) and Garth Mitchell BSc (Hons), BCom, Pr.Sci.Nat., MSAIMM, MGSSA (Consulting Geologist). A $U_3O_8$ cut-off of 50 cm.kg/t has been applied to determine the Uranium Mineral Resources;*

4 *The 2013 Bloemhoek Project Mineral Resources and Mineral Reserves are based on a Technical Report National Instrument 43-101 Technical Report, in accordance with Form 43-101F1 on behalf of Wits Gold, compiled by Turnberry Projects (Pty) Ltd in September 2009. The Qualified Persons for the preparation of this Pre-Feasibility Study report were Gordon Cunningham and Timothy Spindler;*

5 *The Competent Person designated in terms of SAMREC, who took responsibility for the reporting of the De Bron-Merriespruit Project Mineral Reserves as at 20 August 2013, was Mr JHK Hudson, Principal Engineer employed by Royal HaskoningDHV. The Competent Person designated in terms of SAMREC, who took responsibility for the reporting of the De Bron-Merriespruit Project gold Mineral Resources as at 20 August 2013, was Mr G Gilchrist, BSc (Hons) Geology, MGSSA, Pr.Sci.Nat. This 2013 Mineral Resource and Mineral Reserve statement was declared by Wits Gold and was deemed compliant with the SAMREC Code; and*

6 *The Competent Person designated in terms of SAMREC, who took responsibility for the reporting of the Hakkies and Robijn Projects Mineral Resources as at 6 September 2013, was Mr M Burnett, Principal Consultant at Snowden. This 2013 Mineral Resource and Mineral Reserve statement as declared by Wits Gold was deemed compliant with the SAMREC Code.*

Key aspects that impacted the 31 December 2014 Statement of Mineral Resources and Mineral Reserves are summarised below:

The Group gold Mineral Reserves of 28.4Moz were 13% below the Mineral Reserves restated in June 2014 after the aquisition of Cooke and Wits Gold.

- Economically extractable gold Mineral Reserves from Beatrix, Driefontein, Kloof and Cooke have increased by 12% to 19.9Moz (net of 1.7Moz depleted from mining in 2014). The gold Mineral Resources from the current operations have decreased by 2% to 78.7Moz.
- Underground gold Mineral Reserves from Beatrix, Driefontein and Kloof increased by 2.3Moz, net of production depletion, following the successful conclusion of feasibility studies on various organic growth projects at the operations.
  - The increase in gold Mineral Reserves is primarily a result of an additional 1.7Moz of gold Mineral Reserves being declared at the Driefontein 5 and Kloof 4 shafts, following the completion of pre-feasibility studies (PFSs) on below infrastructure "drop-down projects". Development of these brownfield projects will substantially enhance the life of these key operations. Definitive Feasibility Studies (DFSs) for these projects are in progress and will be completed during 2015.
  - An additional 1.0Moz from so-called "secondary reefs" and "white areas" were also declared at the Driefontein and Kloof operations. Studies to bring more of these potential Mineral Resources to account are ongoing.
- A maiden gold Mineral Resource of 54.1Mt at an average grade of 5.1g/t (8.9Moz) at the recently acquired Burnstone project has been declared.
  - The geological model at the Burnstone Project has been significantly revised after extensive re-logging of existing surface boreholes, combined with additional information from infill drilling and a thorough review of all data. The revised model is consistent with the characteristics of similar ore bodies in the East Rand Basin, affording greater confidence in the interpretation and underpinning the gold Mineral Resource estimate.
- Mineral Resources and Mineral Reserves at the WRTRP remain largely unchanged year-on-year. This project is currently the subject of a DFS that will be completed during the March 2015 quarter.
- Since acquiring Wits Gold SOFS Projects in May 2014, we have thoroughly reviewed the geology and LoM models of the Beisa North and South, Bloemhoek, De Bron-Merriespruit, Hakkies and Robijn projects in the Southern Free State goldfields and re-estimated the Mineral Resources in accordance with the Group's protocols and procedures.
  - At the De Bron-Merriespruit project, the application of our resource estimation protocols and procedures resulted in gold Mineral Resources declining from 10.9 Moz to 4.0Moz. Gold Mineral Reserves also declined from 3.1Moz to 2.1Moz. The gold Mineral Reserves for the De Bron-Merriespruit project were derived from the original feasibility study previously conducted by Royal HaskoningDHV in 2013 (with updated Resource model and modifiers). During 2015, we intend to undertake a full review of this feasibility study with a view to optimising any potential synergies with the Beatrix operations.
  - New geological models, incorporating borehole data from Wits Gold and Beatrix have resulted in a complete revision of the geological model for the Bloemhoek project. Together with the application of our Mineral Resource estimation protocols and higher cut-off grades. This has resulted in gold Mineral Resources decreasing from 14.0Moz to 4.3Moz. The Group is reviewing the economic viability of accessing part of the Bloemhoek Mineral Resource through the existing Beatrix underground infrastructure. No gold Mineral Reserves will be declared on the Bloemhoek project until these studies have been completed.
- Uranium production from Cooke continued uninterrupted from June 2014 under our management. The additional information derived during mining, combined with revised uranium Mineral Resource estimates resulted in uranium Mineral Resources and Mineral Reserves increasing at the Cooke 1, 2 and 3 operations. At Cooke 4, uranium Mineral Reserves were negatively impacted by reduced ORD planning arising from the Section 189 process and the inclusion of additional gold reserves from the Middle Elsburg mining area. This will be reconsidered subject to ongoing operational profitability.
- The uranium Mineral Resources contained at Beatrix's Beisa project increased marginally to 27.0Mlb (25.7Mlb). The application of our Mineral Resource estimation and declaration protocols resulted in a decrease in the uranium Mineral Resource at the Beisa North Project from 47.8Mlb to 35.4Mlb.

# STATEMENT OF MINERAL RESOURCES AND MINERAL RESERVES
CONTINUED

**Gold Mineral Resource reconciliation**

| Factors | Gold (Moz) |
|---|---|
| **LoM 31 December 2013** | **128.733** |
| 2014 depletion | (1.923) |
| **Post-depletion LoM** | **126.810** |
| Changes in estimation models at operations | 4.177 |
| Changes in geology structure at operations | 2.451 |
| Changes in Mineral Resource modelling at operations | (0.847) |
| Changes in paylimits primarily at Cooke | (9.271) |
| Beisa North project changes based on new data and paylimit | 0.073 |
| Bloemhoek project changes in geology facies and paylimit | (9.703) |
| De Bron-Merriespruit project changes in paylimit | (6.878) |
| Cooke additions (Zuurbekom) | 3.980 |
| Uneconomic surface sources at Rand Surface Operations (RSO) | (0.121) |
| Changes in TSFs during 2014 | (0.017) |
| **Specific inclusions:** | |
| Burnstone project Maiden Mineral Resources | 8.890 |
| **Specific exclusions:** | |
| Hakkies and Robijn projects do not meet base-case paylimit | (15.600) |
| **LoM 31 December 2014** | **103.944** |

**Gold Mineral Reserve reconciliation**

| Factors | Gold (Moz) |
|---|---|
| **LoM 31 December 2013** | **32.702** |
| 2014 depletion | (1.723) |
| **Post-depletion LoM** | **30.979** |
| Changes in geology structure at operations | (0.018) |
| Changes in estimation models at operations | 0.806 |
| **Specific inclusions:** | |
| Inclusion of additional secondary reefs at Driefontein and Kloof | 0.333 |
| White areas and general additions primarily at Kloof due to tail management following the inclusion of the drop-down project and at Beatrix West Section due to cost rationalisation | 0.645 |
| Driefontein 5 shaft drop-down project included following the completion of a PFS in 2014 | 1.126 |
| Kloof 4 shaft drop-down project included down following the completion of a PFS in 2014 | 0.532 |
| Deposition to active TSFs which formed part of the WRTRP during 2014 | 0.037 |
| **Specific exclusions:** | |
| Bloemhoek project excluded based on revised geology and evaluation models | (5.400) |
| Selective evaluation method applied to De Bron-Merriespruit project along with updated modifiers and cost estimates | (1.012) |
| Uneconomic surface sources at Rand Surface Operations (RSO) | (0.051) |
| Technical Factors [Mine Call Factor (MCF), % waste mining, etc] | 0.448 |
| **LoM 31 December 2014** | **28.425** |

**Uranium Mineral Resource reconciliation**

| Factors | $U_3O_8$ (Mlb) |
|---|---|
| **LoM 31 December 2013** | **282.290** |
| 2014 depletion | (0.299) |
| **Post-depletion LoM** | **281.991** |
| Changes in geology structure | 1.099 |
| Changes in estimators | 9.557 |
| Changes in paylimit | (49.972) |
| Projects included | 43.984 |
| Projects excluded (De Bron-Merriespruit, Bloemhoek and Hakkies) | (60.000) |
| Deposition to active TSFs which formed part of the WRTRP during 2014 | 0.722 |
| **LoM 31 December 2014** | **227.379** |

**Uranium Mineral Reserve reconciliation**

| Factors | $U_3O_8$ (Mlb) |
|---|---|
| **LoM 31 December 2013** | **102.827** |
| 2014 depletion | (0.218) |
| **Post-depletion LoM** | **102.609** |
| Changes in Mineral Resource models | (0.594) |
| Inclusion of additional areas at Cooke 3 following revised geological model | 0.926 |
| Exclusions at Cooke 4 due to a change in mining ratio between Middle Elsburg and Upper Elsburg | (1.794) |
| Deposition to active TSFs which formed part of the WRTRP during 2014 | 1.242 |
| Technical Factors (MCF, % waste mining, etc) | 0.091 |
| **LoM 31 December 2014** | **102.480** |

# STATEMENT OF MINERAL RESOURCES AND MINERAL RESERVES
CONTINUED

**ABRIDGED REVIEW PER OPERATION:**

- **BEATRIX**

  The Beatrix Operation is a low-cost, high productivity asset that is positioned for medium to long term life of mine (LoM), with gold Mineral Resources of approximately 9.9Moz. Gold Mineral Reserves increased by 1% net of production depletion to 3.7Moz in 2014. The uranium Mineral Resource declared for the Beisa Reef is marginally higher than last year at 27.0Mlb (2013: 25.7Mlb) following additional Mineral Resource conversion drilling completed in 2014. The Beatrix LoM extends to 2028.

- **DRIEFONTEIN**

  The Driefontein Operation is a high-yield, medium to long-term operation with Mineral Resources of 22.9Moz and Mineral Reserves of 7.4Moz, with a LoM extending to 2033. The Mineral Reserves increased by 21% net of depletion from the previous year, mainly due to the successful conclusion of a PFS of the below infrastructure, drop-down project at Driefontein 5 shaft. A further decrease in paylimits has resulted in additional economically mineable secondary reefs and white areas previously excluded.

  **SURFACE OPERATIONS – DRIEFONTEIN**

  The underground production is supplemented by a low-cost surface operation treating historical rock dumps, which is now estimated at 0.1Moz.

- **KLOOF**

  The Kloof Operation is a high-yield medium to long-term operation, with Mineral Resources of 29.3Moz and Mineral Reserves of 6.9Moz. The current LoM is estimated to extend to 2033. The Mineral Reserves increased by 24% post-production depletion from the previous year, mainly as a result of the successful conclusion of a PFS of the drop-down project at Kloof 4 shaft, as well as 0.9Moz added from secondary reefs and white areas.

  **SURFACE OPERATIONS – KLOOF**

  The underground production is also supplemented by a low-cost surface operation treating historical rock dumps, of which the Mineral Reserve is now estimated at 0.2Moz.

- **COOKE (COOKE 1, 2 AND 3, COOKE 4 AND RANDFONTEIN SURFACE)**

  The newly acquired Cooke Operation is a low-cost, short- to medium-term asset, producing both gold and uranium. The current LoM is estimated to extend to 2025. The operation has gold Mineral Resources of approximately 16.6Moz and gold Mineral Reserves of 2.0Moz. Uranium Mineral Resources at the operation are 66.4Mlb and the uranium Mineral Reserves 3.8Mlb. The gold and uranium Mineral Reserves have decreased year-on-year mainly due to a 25% increase in the paylimit, as well as the suspension of the mechanised mining section at Cooke 1.

  **SURFACE OPERATIONS – COOKE**

  The underground production is supplemented by a low-cost surface operation treating historical tailings storage facilities (gold Mineral Reserves estimated at 0.1Moz).

**ABRIDGED REVIEW PER PROJECT:**

- **BURNSTONE PROJECT**

  The Burnstone Project is a shallow project currently undergoing a feasibility study. We have restated the geology and estimation models of the operation, and have declared a maiden gold Mineral Resource of 54.1Mt at an average grade of 5.1g/t for 8.9Moz. The feasibility study, based on the new models, is scheduled for completion in 2015.

- **WEST RAND TAILINGS RETREATMENT PROJECT**

  The WRTRP will process the historical tailings storage facilities of the Driefontein, Kloof and Cooke operations for gold and uranium. The project is currently in DFS stage, which is expected to be concluded in the quarter ended 31 March 2015. The WRTRP has an estimated gold and uranium mineral reserve of 6.5Moz and 98.7Mlb respectively.

- **DE BRON-MERRIESPRUIT PROJECT**

  The De Bron-Merriespruit project is a potential shallow, high-volume, low-cost project with possible synergies to the Beatrix Operation. The geology and estimation models of this project were confirmed during 2014. The DFS conducted by Royal HaskoningDHV in 2013 was reviewed, and certain assumptions in the model modified in line with our historical benchmark numbers. The review resulted in the gold Mineral Resources being restated to 4.0Moz (2013: 10.9Moz) and the gold Mineral Reserves being reduced to 2.1Moz (2013: 3.1Moz).

- **THE BLOEMHOEK PROJECT**

  The Bloemhoek project is adjacent to the Beatrix Operation. The geology and estimation models of the project have been restated, incorporating all the geological information from the surrounding areas that was not available to the previous owners. As a result of material changes to the geological model, a gold Mineral Resource of 4.3Moz compared with 14.0Moz in 2013 was declared. A PFS based on the new geological model and investigating the option of accessing the ore body from underground workings at Beatrix will be conducted in 2015.

- **HAKKIES**
  The Hakkies project is a shallow to medium-depth tabular orebody situated to the northeast of Beatrix. We have restated the geology and estimation models during 2014. As a consequence we are not able to declare a Mineral Resource for this project in 2014. No exploration is planned for the project in 2015.
- **ROBIJN**
  The Robijn project is a shallow to medium depth tabular orebody situated to the east-northeast of Beatrix, and there are potential synergies with the De Bron-Merriespruit project. We have reviewed the geology and estimation models during 2014, and we are not able to declare a Mineral Resource for this project based on 2014 economic inputs. No exploration is planned in 2015.
- **BEISA NORTH**
  The Beisa North project is a shallow to medium-depth tabular orebody situated to the north of Beatrix West Section (4 shaft). There are major synergies between the Beisa North project and the Beisa project at Beatrix West Section. We have confirmed the geological and estimation models of the project during 2014, and we have declared a gold and uranium inferred Mineral Resource of 1.6Moz and 35.4Mlb respectively for this project. The incorporation of this area into the Beisa project will be investigated during 2015.
- **BEISA SOUTH**
  The Beisa South project is a shallow to medium depth tabular ore body situated to the south of Beatrix West Section. This area is deeper than the Beisa project and alternative access will have to be considered. We have reviewed the geological and estimation models during 2014 and, as a consequence, declared a Mineral Resource for this project. No exploration is planned for the project in 2015.

### CORPORATE GOVERNANCE

Sibanye reports its Mineral Resources and Mineral Reserves in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves Code, the updated section 12 of the JSE Listings Requirements and the Securities and Exchange Commission (SEC) Industry Guide 7, aligned with guiding principles of the Sarbanes-Oxley Act of 2002 (SOX). Guided by commitment to corporate governance, the statement has been independently reviewed by CJM Consulting Proprietary Limited (Mineral Resources) and by Royal HaskoningDHV (Mineral Reserves), and has been found to be compliant with the relevant codes and no material shortcomings were identified of the processes by which the Sibanye Mineral Resources and Mineral Reserves were evaluated.

The Mineral Resources and Mineral Reserves are estimates at a point in time, and will be affected by fluctuations in the gold price, US dollar currency exchange rates, operating costs, mining permits, changes in legislation and operating factors. Although all permits may not be finalised and in place at the time of reporting, there is no reason to expect that these will not be granted. However, the length of the approval process for such permits may have an impact on the schedules stated.

All statement figures are managed, and Mineral Resources are reported inclusive of Mineral Reserves, while production volumes are reported in metric tons (t). Gold and uranium are reported separately; therefore no gold equivalents are stated to avoid potential anomalies as a result of year-on-year metal price differentials. All financial models used to determine the Mineral Reserves are based on current tax regulations at 31 December 2014.

The lead competent person designated in terms of South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves, who takes responsibility for the consolidation and reporting of Sibanye's Mineral Resources and Mineral Reserves and of the overall regulatory compliance of these figures is Gerhard Janse van Vuuren, who gave his consent for the disclosure of the 2015 Mineral Resource and Mineral Reserve Statement. Gerhard [BTech (MRM), GDE (Mining Eng), MBA and MSCC] is registered with Plato (PMS No 243) and has 27 years' experience relative to the type and style of mineral deposit under consideration. He is the current Vice President: Mine Planning and Mineral Resource management and is a full-time employee of Sibanye.

The respective business unit based Mineral Resource Managers, relevant project managers and the respective Mineral Resource Management discipline heads have been designated as the competent persons in terms of South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves and take responsibility for the reporting of Mineral Resources and Mineral Reserves for their respective area(s) of responsibility. Additional information regarding these personnel, as well as the teams involved with the compilation of the Mineral Resource and mineral reserve declaration is incorporated in the Mineral Resources and Mineral Reserves Supplement that will be published in conjunction with this Sibanye Gold Integrated Annual Report 2014.

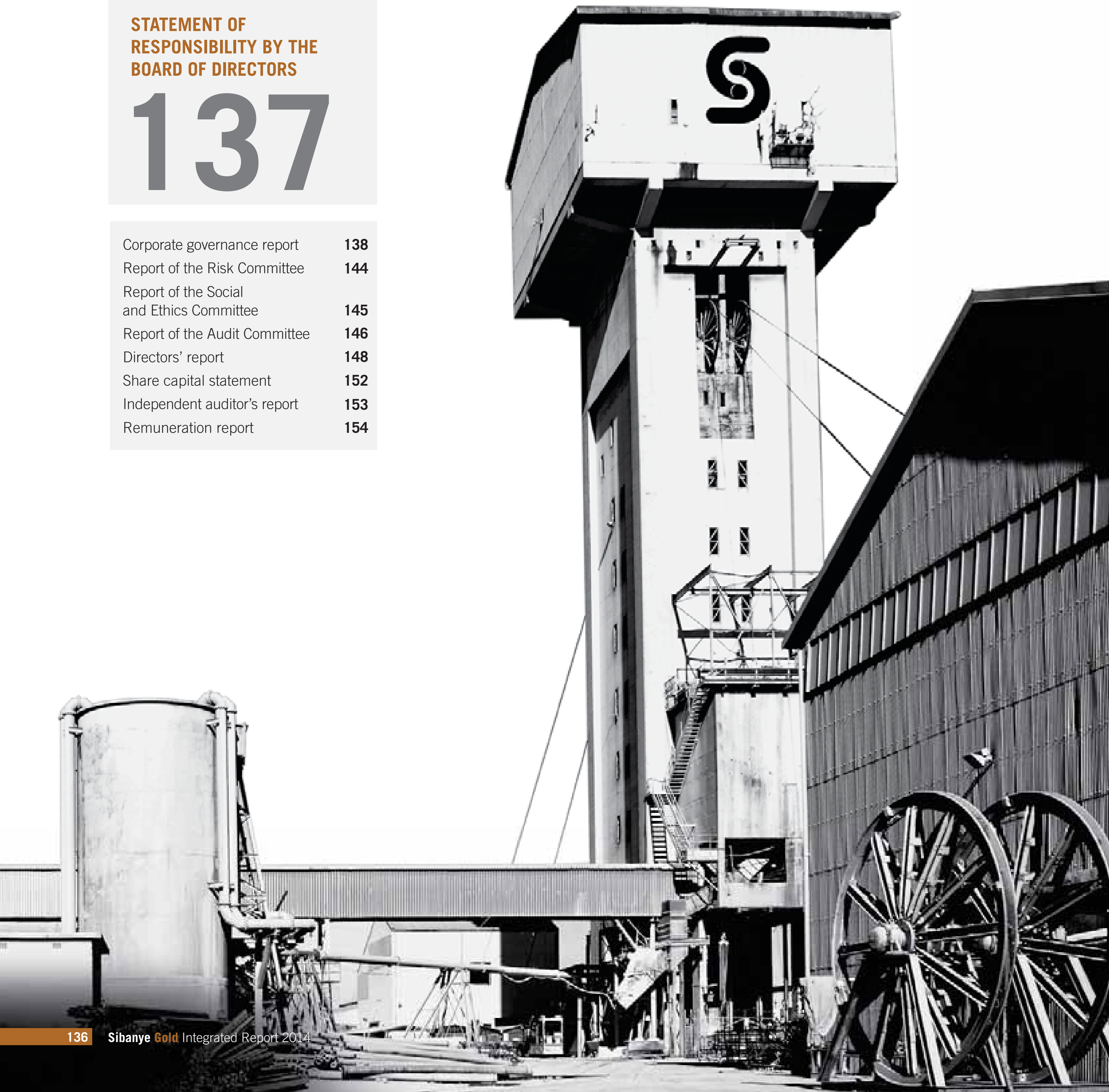
During 2014, we acquired Wits Gold and the Cooke operations from Gold One. The Mineral Reserves and Mineral Resources from these acquisitions were reported under the auspices of the relevant competent persons for each individual project or mine. We have since reviewed geological, estimation and LoM models of the acquisitions, and we now are in a position to declare the Mineral Resources and Mineral Reserves in accordance with the Group's protocols and procedures.

# Accountability

CONTENTS



Cooke 4 shaft



# STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Sibanye Gold Limited, comprising the consolidated statement of financial position at 31 December 2014, and the income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies, and other explanatory notes, in accordance with IFRS, the South African Institute of Chartered Accountants Financial Reporting Guides, as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and the JSE Listing Requirements.

In addition, the directors are responsible for preparing the directors' report.

The directors consider that, in preparing the consolidated financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS standards that they consider to be applicable have been complied with for the financial year ended 31 December 2014. The directors are satisfied that the information contained in the consolidated financial statements fairly presents the results of operations for the year and the financial position of the Group at year end. The directors also prepared the information included in the Integrated Annual Report, and are responsible for both its accuracy and its consistency with the consolidated annual financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group to enable the directors to ensure that the consolidated financial statements comply with the relevant legislation.

The Company and the Group operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable assurance that assets are safeguarded and the material risks facing the business are being controlled.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concern and have no reason to believe that Sibanye and its subsidiaries will not be going concerns in the year ahead.

Sibanye has adopted a Code of Ethics which is available on the Sibanye website and which is adhered to by the Group. The Group's external auditors, KPMG Inc audited the consolidated financial statements, and their report is presented on page 153.

The consolidated annual financial statements were approved by the Board of Directors on 23 March 2015 and are signed on its behalf by:

**Neal Froneman**
**Chief Executive Officer**

**Charl Keyter**
**Chief Financial Officer**
23 March 2015

# CORPORATE SECRETARY'S CONFIRMATION

In terms of section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required to be lodged by a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

**Cain Farrel**
**Corporate Secretary**
23 March 2015

# CORPORATE GOVERNANCE REPORT

## KEY STANDARDS AND PRINCIPLES

Sibanye listed on 11 February 2013, with its primary listing on the JSE. It is registered with the US Securities and Exchange Commission (SEC) in the United States of America and its ordinary shares are listed on the New York Stock Exchange in the form of an American Depositary Receipt programme administered by BNY Mellon.

As a result, the Group is subject to compliance with the JSE Listings Requirements and to the disclosure and corporate governance requirements of the New York Stock Exchange. The Group's compliance with the terms of the Sarbanes-Oxley Act, 2002 (SOX) is documented in the Form 20-F. In 2014, the Group complied with all the applicable governance requirements.

The Group has adopted high standards of accountability, transparency and integrity in the running of the business and reporting to shareholders and other stakeholders.

The approach to corporate governance is guided by the principles of fairness, accountability, responsibility and transparency. Special attention has been given to providing stakeholders and the financial investment community with clear, concise, accurate and timely information about the Group's operations and results; reporting to shareholders on an integrated basis on Sibanye's financial and sustainable performance; ensuring appropriate business and financial risk management; ensuring that no director, management official or other employee of the Sibanye Group deals directly or indirectly in Sibanye shares on the basis of unpublished price-sensitive information regarding the Sibanye Group, or otherwise during any prohibited period; and recognition of the Group's social responsibility to provide assistance and development support to the communities in which it operates and to deserving institutions at large.

The Group applies the principles contained in King III and has implemented the King III principles and recommendations across the Group.

Sibanye complies with the principle that companies should remunerate directors and executives fairly and responsibly. The Remuneration Committee develops a remuneration policy aligned with the strategy of Sibanye and linked to individual performances. This policy addresses the base pay, bonuses, employee contracts, severance and retirement benefits and share-based and other long-term incentive schemes.

The one exception is the King III recommendation that employment contracts should not compensate executives for severance because of change of control (although this does not preclude payments for retaining key executives during a period of uncertainty). Read the Remuneration Report on page 154.

All 75 King III principles are recorded in the compliance schedule on Sibanye's website, detailing the principles and the corresponding explanations.

Sibanye complied with all of the mandatory specific governance requirements contained in paragraph 3.84 of the JSE Listing Requirements during the 2014 financial year.

The Group's Code of Ethics requires its directors, officers and employees to conduct business in an ethical and fair manner and it promotes a socially and environmentally responsible culture. The Audit Committee is responsible for ensuring compliance with the Code of Ethics.

In addition to meeting the requirements of King III and SOX, the Group also meets the relevant requirements of the Dodd-Frank Act (2010), the Foreign Corrupt Practices Act (1977), the UK Bribery Act (2010), the Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997), the UN Convention against Corruption (2003) and South Africa's Prevention and Combating of Corrupt Activities Act (2004).

Employees, suppliers and customers are encouraged to report irregularities and misconduct without fear of victimisation using an independently managed, anonymous, toll-free line.

## BOARD OF DIRECTORS

The Company's MOI requires no fewer than four and no more than 15 members on the Board of Directors. The Board currently comprises 13 members – nine of these are independent, non-executive directors, two non-independent non-executive directors and the two executive directors holding the positions of CEO and CFO. Chris Chadwick and Robert Chan were appointed on 16 May 2014 as additional members of the Board and are eligible and available for election at the upcoming Annual General Meeting.

The roles of the Chairman of the Board and the CEO are separate.

The Board, advised by the Nominating and Governance Committee, ensures that the candidates for election as independent, non-executive directors are reputable, competent and experienced and are willing to devote the necessary time to the role.

The Board of Directors' Charter outlines the objectives and responsibilities of the Board (see page 139) and all Board sub-committees operate in accordance with written terms of reference, which are regularly reviewed by the Board. The Board takes ultimate responsibility for the Group's adherence to sound corporate governance standards and sees to it that all business judgements are made with reasonable care, skill and diligence.

The executive directors and the Corporate Secretary keep the Board informed of all developments in the Group.

The current membership of all the Board sub-committees is disclosed on pages 139 to 143.

The Board met six times during the year under review.

### REMUNERATION

The Board obtains independent advice before making recommendations to shareholders for the remuneration of non-executive directors. The remuneration is paid in accordance with a special resolution approved by the shareholders within the previous two years.

Non-executive directors only receive remuneration due to them as members of the Board. Directors serving on Board sub-committees receive additional remuneration. Details of the directors' remuneration packages as well as those of the prescribed officers are disclosed in the Remuneration Report on page 154 to 159.

### MONITORING PERFORMANCE

In 2014, and in line with recommendations of King III, the Board carried out a rigorous evaluation of the independence of directors.

The Chairman is appointed annually by the Board which, with the assistance of the Nominating and Governance Committee, carried out a rigorous review of the Chairman's performance and independence during 2014. The Board concluded that there were no factors that impaired his independence and appointed the Chairman for another year. As part of continuous improvement the Board appointed an independent outside consultant to assess the effectiveness of the Board and Board sub-committees.

The performance of the Corporate Secretary was evaluated by the Board. The Board was satisfied with his competence, qualifications, experience and maintaining an arms-length relationship with the Board.

### ROTATION AND RETIREMENT FROM THE BOARD

In accordance with the MOI, one third of the directors shall retire from office at each AGM. The first to retire are those directors appointed as additional members of the Board, followed by the longest-serving members. The Board, assisted by the Nominating and Governance Committee, can recommend the eligibility of retiring directors (subject to availability and their contribution to the business) for re-appointment. Retiring directors can be immediately re-elected by the shareholders at the AGM.

### BOARD OF DIRECTORS' CHARTER

The Board reviewed and re-assessed the adequacy of the Board of Directors' Charter (Charter). This document compels directors to promote the vision of the Group, while upholding sound principles of corporate governance. Directors' responsibilities under the Charter include:

- determining the Group's Code of Ethics and conducting the Group's affairs in a professional manner, upholding the core values of integrity, transparency and enterprise;
- evaluating, determining and ensuring the implementation of corporate strategy and policy;
- determining compensation, development, skills development and other relevant policies for employees;
- developing and setting best-practice disclosure and reporting practices that meet the needs of all stakeholders;
- authorising and controlling capital expenditure and reviewing investment capital and funding proposals;
- constantly updating the risk management systems, including setting management expenditure authorisation levels and exposure limit guidelines; and
- reviewing executive succession planning and endorsing senior executive appointments, organisational changes and general remuneration policies.

In this regard the Board is guided by the Remuneration Committee, the Audit Committee, Risk Committee as well as by the Nominating and Governance Committee.

The Board considers that this Integrated Report and associated reports comply in all material respects with the relevant statutory requirements of the various regulations governing disclosure and reporting by Sibanye; and that the consolidated financial statements comply in all material respects with IFRS, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act and the JSE Listing Requirements. As such, the Board has approved the content of the Integrated Report 2014, including the consolidated financial statements on 20 March 2015.

### BOARD COMMITTEES

The Board has formed the following committees in compliance with good corporate governance:

- Audit Committee
- Risk Committee
- Remuneration Committee
- Nominating and Governance Committee
- Safety, Health and Sustainable Development Committee
- Social and Ethics Committee (to comply with the statutory requirements of the Companies Act)

All these committees are composed exclusively of independent non-executive directors except for the Safety, Health and Sustainable Development Committee of which the CEO is also a member. The committees are all chaired by an independent non-executive director and operate in accordance with written terms of reference which have been approved by the Board.

# CORPORATE GOVERNANCE REPORT
CONTINUED

**Board meetings and attendance**

| | Date | | | | | |
|---|---|---|---|---|---|---|
| Director | 18/2 | 16/5 | 3/7 | 29/7 | 6/11 | 1/12 |
| Moloko, Sello (Chairman) | – | √ | √ | √ | √ | √ |
| Cumming, Timothy | √ | √ | √ | √ | √ | √ |
| Chadwick, Chris[1] | – | √ | √ | √ | √ | √ |
| Chan, Robert[1] | – | √ | – | √ | √ | √ |
| Davison, Barry | √ | √ | √ | √ | √ | √ |
| Froneman, Neal | √ | √ | √ | √ | √ | √ |
| Keyter, Charl | √ | √ | √ | √ | √ | √ |
| Menell, Richard | √ | √ | √ | √ | – | √ |
| Nika, Nkosemntu | √ | √ | √ | √ | √ | √ |
| Rayner, Keith | √ | √ | – | √ | √ | √ |
| Skweyiya, Zola | √ | √ | √ | – | √ | – |
| van der Merwe, Susan | √ | √ | √ | √ | √ | √ |
| Vilakazi, Jerry | √ | √ | √ | √ | √ | – |

*[1] Messrs Chadwick and Chan were appointed to the Board on 16 May 2014.*

## THE AUDIT COMMITTEE

This committee monitors and reviews Sibanye's accounting controls and procedures, including the effectiveness of its information systems and other systems of internal control; the effectiveness of the internal audit function; reports of both external and internal auditors; half-yearly reports, the Form 20-F; the consolidated annual financial statements; the accounting policies of Sibanye and any proposed revisions thereto; external audit findings and reports, and the approval thereof; and compliance with applicable legislation and requirements of regulatory authorities and Sibanye's Code of Ethics.

The CFO's expertise was evaluated by the Audit Committee. The committee is satisfied that the incumbent has the appropriate expertise and experience to carry out his duties as the financial director of the Group and that he is supported by qualified competent senior staff.

The committee reviewed and assessed the independence of the external auditors, including their confirmation in writing that the criteria for independence as set out in the rules of the Independent Regulatory Board for Auditors and international bodies have been followed. The committee is satisfied that KPMG Inc is independent of the Group.

Sibanye's CFO and internal and external auditors as well as management attend all the Audit Committee meetings and have unrestricted access to the chairman of this committee. The Audit Committee, in turn, communicates freely with other members of the Board not serving as members of the Audit Committee. To perform its functions effectively, the Audit Committee meets at least quarterly, but more frequently if required.

The Sarbanes-Oxley Act requires the Board to identify a financial expert from within its ranks. The Board has resolved that the committee's Chairman, Keith Rayner, is the Audit Committee's financial expert.

**Membership and attendance of the Audit Committee**

| | Date | | | | | | |
|---|---|---|---|---|---|---|---|
| Director | 17/2 | 13/3 | 17/4 | 15/5 | 28/7 | 12/9 | 5/11 |
| Rayner, Keith (Chairman) | √ | √ | √ | √ | √ | √ | √ |
| Menell, Richard | √ | √ | √ | √ | √ | √ | – |
| Nika, Nkosemntu | √ | √ | √ | √ | √ | √ | √ |
| van der Merwe, Susan | √ | √ | √ | √ | √ | – | √ |

## THE RISK COMMITTEE

The Committee was established by the Board on 16 May 2014 to assist the Board in ensuring that management implemented appropriate risk management processes and controls. Previously, this function was performed by the Audit Committee. The total process of risk management, which includes the related systems of internal control, is the responsibility of the Board. Management is accountable to the Board for designing, implementing and monitoring an integrated process of risk management into the daily activities of Sibanye. The Board, through the Risk Committee, ensures that management implements appropriate risk management processes and controls. The Board approved the Terms of Reference of the Risk Committee in July 2014. The responsibilities of the committee are as follows:

- Reviewing the effectiveness and efficiency of the Enterprise Risk Management (ERM) system within the Company and being assured that material risks are identified and that appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Company policies.
- Reviewing the adequacy of the risk management charter, policy and plan.
- Reviewing the parameters of the Company's risk/reward strategy, in terms of the risk appetite and tolerance relative to reward and ensuring that risks are quantified where practicable.
- Regularly receiving a register of the Company's key risks and potential material risk exposures from Management. Reviewing and approving mitigations strategies. Reporting to the Board any material changes and/or divergence to the risk profile of the Company.
- Monitoring the implementation of operational and corporate risk management plans.
- Reviewing the insurance and other risk transfer arrangements, and considering whether appropriate coverage is in place.
- Reviewing the business contingency planning process within the Group and being assured that material risks are identified and that appropriate contingency plans are in place.
- Conducting a formal risk assessment at least once a year, which should be continually reviewed, updated and applied.
- Ensuring that a combined assurance model is applied to provide a coordinated approach to assurance activities.

**Membership and attendance of the Risk Committee**

| Director | 28/7 | 5/11 |
|---|---|---|
| Menell, Richard (Chairman) | √ | – |
| Chadwick, Chris | √ | √ |
| Chan, Robert | √ | √ |
| Cumming, Timothy | √ | √ |
| Rayner, Keith | √ | √ |
| Skweyiya, Zola | – | √ |

# CORPORATE GOVERNANCE REPORT
CONTINUED

### THE NOMINATING AND GOVERNANCE COMMITTEE
This committee is responsible for ensuring that new directors undergo an appropriate induction process; recommending to the Board the need for Board participation in continuing education programmes; identifying and recommending to the Board successors to the Chairman and CEO; developing the approach of Sibanye to matters of corporate governance; and making recommendations to the Board concerning such matters.

**Membership and attendance of the Nominating and Governance Committee**

| | Date | | |
|---|---|---|---|
| Director | 17/2 | 15/5 | 5/11 |
| Moloko, Sello (Chairman) | √ | √ | √ |
| Davison, Barry[1] | – | – | √ |
| Menell, Richard | √ | √ | – |
| Nika, Nkosemntu[1] | – | – | √ |
| Vilakazi, Jerry | √ | – | √ |

[1] *Messrs Davison and Nika were appointed on 16 May 2014.*

### THE REMUNERATION COMMITTEE
This committee is responsible for determining Sibanye's remuneration policy and the practices needed to attract, retain and motivate high-performing executives who are demonstrably aligned with Sibanye's corporate objectives and business strategy; and for ensuring that remuneration levels relative to other comparable companies are pitched at the desired level taking relative performance into account. The Remuneration Committee also reviews, on behalf of the Board, both the remuneration levels of senior executives and management share-incentive schemes and the related performance criteria and measurements. To perform these functions the Remuneration Committee meets quarterly, or more frequently if required.

**Membership and attendance of the Remuneration Committee**

| | Date | | | |
|---|---|---|---|---|
| Director | 17/2 | 15/5 | 27/7 | 5/11 |
| Cumming, Timothy (Chairman) | √ | √ | √ | √ |
| Chan, Robert[1] | – | – | √ | √ |
| Davison, Barry | √ | √ | √ | √ |
| Moloko, Sello | √ | √ | – | √ |
| Nika, Nkosemntu | √ | √ | √ | √ |

[1] *Mr Chan was appointed on 16 May 2014.*

### THE SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT COMMITTEE
This committee reviews adherence to occupational health, safety and environmental standards by Sibanye. The committee seeks to minimise mining-related accidents, to ensure that Sibanye's operations are in compliance with all environmental regulations and to establish policy in respect of HIV/Aids and health matters.

**Membership and attendance of the Safety, Health and Sustainable Development Committee**

| | Date | | | |
|---|---|---|---|---|
| Director | 17/2 | 15/5 | 28/7 | 4/11 |
| Davison, Barry (Chairman) | √ | √ | √ | √ |
| Chadwick, Chris[1] | – | – | √ | √ |
| Froneman, Neal | √ | √ | √ | √ |
| Menell, Richard | √ | √ | √ | – |
| Moloko, Sello | √ | √ | √ | √ |
| Skweyiya, Zola | √ | √ | – | √ |
| van der Merwe, Susan | √ | √ | √ | √ |

[1] *Mr Chadwick was appointed on 16 May 2014.*

## THE SOCIAL AND ETHICS COMMITTEE

This committee is responsible for discharging its statutorily imposed duties as outlined in section 72 of the Companies Act and the applicable regulations, which include monitoring Sibanye's activities in relation to relevant legislation, other legal requirements and prevailing codes of best practice regarding:

(i) the social and economic development;

(ii) good corporate citizenship;

(iii) the environment, health and public safety and the impact on Sibanye's activities, products and services;

(iv) consumer relations; and

(v) labour and employment legislation.

The Social and Ethics Committee must bring any matters relating to this monitoring to the attention of the Board and report to shareholders at the AGM. The Board seeks the assistance of the Social and Ethics Committee in ensuring that Sibanye complies with best practice recommendations in respect of social and ethical management.

**Membership and attendance of the Social and Ethics Committee**

| | Date | | | |
|---|---|---|---|---|
| Director | 17/2 | 15/5 | 28/7 | 5/11 |
| Vilakazi, Jerry (Chairman) | √ | √ | √ | √ |
| Cumming, Timothy | √ | √ | √ | √ |
| Davison, Barry | √ | √ | √ | √ |
| Menell, Richard[1] | – | √ | √ | – |
| Moloko, Sello | √ | √ | – | √ |
| Rayner, Keith | √ | √ | √ | √ |

[1] *Mr Menell was appointed on 15 May 2014.*

## EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

| | |
|---|---|
| Neal Froneman (CEO) | James Wellsted |
| Charl Keyter (CFO) | Adam Mutshinya |
| Cain Farrel (Corporate Secretary) | Dick Plaistowe[2] |
| Shadwick Bessit | Wayne Robinson[2] |
| Hartley Dikgale | Richard Stewart[2] |
| Nash Lutchman[1] | Peter Turner |
| Dawie Mostert | Robert van Niekerk |

Sibanye's Executive Committee meets on a regular basis to discuss and make decisions on the strategic and operating issues facing Sibanye.

[1] *Appointed on 1 March 2014.*

[2] *Appointed on 1 June 2014.*

# REPORT OF THE RISK COMMITTEE

**FOR THE YEAR ENDED 31 DECEMBER 2014**

The Risk Committee ("Committee") has been established by the Board and assists the Board in ensuring that Management implements appropriate risk management processes and controls. Previously, this function was performed by the Audit Committee. The Committee has adopted formal terms of reference which would be updated on an annual basis. The Committee acts in accordance with its delegated authority of the Board, as recorded in these terms of reference, and is accountable to the Board. The terms of reference are subject to the provisions of the Companies Act, 2008, as amended and the Memorandum of Incorporation of the Company, as well as any other applicable law or regulatory provision.

The Committee consists of six non-executive directors and their attendance at meetings is set out on page 141.

The Committee discusses with Management the Company's policies with respect to risk assessment and risk management, including the guidelines and policies that govern Management's assessment and management of risk. The Committee is responsible for the following:

- Reviewing the effectiveness of risk management policies and strategies in place and recommending to the Board for approval.
- Reviewing the adequacy of the risk management charter, policy and plan.
- Approval of the Company's risk identification and assessment methodologies.
- Reviewing of the parameters of the Company's risk/reward strategy, in terms of the risk appetite and tolerance relative to reward. Ensuring that risks are quantified where practicable.
- Reviewing and approval of the risks identified on a qualitative basis, according to probability and seriousness.
- Reviewing of the effectiveness and efficiency of the Enterprise Risk Management (ERM) system within the Company and being assured that material risks are identified and the appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Company policies.
- Reviewing the appropriateness of resources directed towards areas of high risk.
- Regularly receiving a register of the Company's key risks and potential material risk exposures. Reporting to the Board any material changes and/or divergence to the risk profile of the Company.
- Reviewing the implementation of operational and corporate risk management plans.
- Reviewing of the insurance and other risk transfer arrangements, and considering whether appropriate coverage is in place.
- Reviewing of the business contingency planning process within the Group and being assured that material risks are identified and that appropriate contingency plans are in place.
- Reviewing and where necessary recommending actions for improvement and outstanding actions on risk management plans for the Company.
- Reviewing the outcomes of the formal risk assessment workshop conducted by Management at least once a year.
- Reviewing the Company's sustainability risk on a regular basis.
- Reviewing the combined assurance report as presented by Management.
- Providing the Board with a detailed and timely ERM report as presented by Management.
- Annually reviewing the risk management charter for recommendation to the Board for approval.

At its two meetings during the year under review, the Committee discussed and where applicable, approved the following:

- Reviewed the terms of reference for the Committee.
- Reviewed the Group Risk Register and discussed the top 10 risks in detail at both meetings. Recommendations were made to Management to improve the risk management methodologies to focus on the prioritised residual risks after controls had been applied. The recommendations adopted by Management were reviewed by the Committee at the subsequent meeting and found to be satisfactory.
- Reviewed the Combined Assurance guideline and approved the combined assurance provided at the three assurance levels with regard to the primary controls in place to address the identified risks.
- Reviewed the adequacy of the risk management policy, charter and plan and discussed the risk tolerance and risk appetite statements in detail. Certain recommendations were made to Management. These recommendations were adopted.
- Reviewed the insurance cover in place to protect the Company's assets and to address any liability claims.

**Richard Menell**
**Chairman: Risk Committee**
23 March 2015

# REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The Group, by virtue of the Companies Act, established a Social and Ethics Committee (Committee).

**THE ROLE OF THE COMMITTEE**
As prescribed by the Companies Act, the role of the Committee is to monitor the Group's activities in respect of:

- social and economic development, including the Group's compliance with the 10 principles of the United Nations Global Compact, Organisation for Economic Co-operation and Development recommendations regarding corruption, the Broad-Based Black Economic Empowerment Act and the Employment Equity Act;
- good corporate citizenship, including the Group's promotion of equality, prevention of unfair discrimination and reduction of corruption, contribution to development of the communities in which the Group operates, and its record of sponsorships, donations and charitable givings;
- the environment, health and public safety and the impact thereon of the Group's activities;
- consumer relations and the Group's compliance with consumer protection laws; and
- the Group's standing in terms of the ILO protocol on decent work and working conditions, the Group's employment relationships and its contribution to the educational development of its employees.

In addition, the Group also subscribes to the 10 principles of the International Council on Mining and Metals and the Committee is responsible for monitoring the Group's activities in respect of this protocol.

**THE STRUCTURE OF THE COMMITTEE**
The Committee consists of the respective chairmen of the Audit, Risk, Remuneration, Nominating and Governance, and the Safety, Health and Sustainable Development committees, and is chaired by Jerry Vilakazi.

**DISCHARGING ITS DUTIES DURING THE YEAR**
The Committee met four times during the year. Areas discussed with management included the 10 principles of the International Council on Mining and Metals; the 10 principles of the United Nations Global Compact; community development; Broad-Based Black Economic Empowerment and employment equity requirements; and Mining Charter compliance requirements. The Committee believes that the Group complies with the statutory duties save for work still being done with regard to historically disadvantaged South Africans in middle-management levels. The strategy developed and implemented during the year has resulted in a marked improvement in the number of historically disadvantaged South Africans in management levels.

**Jerry Vilakazi**
**Chairman: Social and Ethics Committee**
23 March 2015

# REPORT OF THE AUDIT COMMITTEE

**FOR THE YEAR ENDED 31 DECEMBER 2014**

The Audit Committee has formal terms of reference which are updated on an annual basis. The Board is satisfied that the Audit Committee has complied with these terms, and with its legal and regulatory responsibilities as set out in the Companies Act, King III and the JSE Listings Requirements.

The Audit Committee consisted of four independent non-executive directors throughout the financial year, and membership and attendance at meetings is set out on page 140.

The Board believes that the members collectively possess the knowledge and experience to supervise Sibanye's financial management, internal and external auditors, the quality of Sibanye's financial controls, the preparation and evaluation of Sibanye's consolidated financial statements and Sibanye's financial reporting.

The Board has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage the risk of business failures and to provide reasonable assurance against such failures. However, this is not a guarantee that such risks are eliminated.

It is the duty of the Audit Committee, *inter alia*, to monitor and review:

- the effectiveness of the internal audit function;
- findings and the appointment of external auditors;
- reports of both internal and external auditors;
- evaluation of the performance of the Chief Financial Officer (CFO);
- the governance of information technology (IT) and the effectiveness of the Group's information systems;
- interim and annual financial and operating reports, the consolidated annual financial statements and all other widely distributed financial documents;
- the Form 20-F filing with the US Securities and Exchange Commission (SEC);
- accounting policies of the Group and proposed revisions;
- compliance with applicable legislation, requirements of appropriate regulatory authorities and the Group's Code of Ethics;
- the integrity of the integrated report (by ensuring that its content is reliable and recommending it to the Board for approval); and
- policies and procedures for preventing and detecting fraud.

Internal and external auditors have unrestricted access to the Audit Committee, the Audit Committee Chairman and the Chairman of the Board, ensuring that auditors are able to maintain their independence. Both the internal and external auditors report at Audit Committee meetings. The Audit Committee also meets with both internal and external auditors separately without other invitees being present. Management may attend the Audit Committee meetings by invitation.

The Audit Committee is responsible for recommending the appointment of an independent firm of external auditors to the Board who will in turn recommend the appointment to the shareholders.

The Audit Committee is also responsible for determining that the designated appointee has the necessary independence, experience, qualifications and skills, and that audit and other fees are reviewed and approved.

The Audit Committee has reviewed and assessed the independence of the external auditor, and has confirmed in writing that the criteria for independence, as set out in the rules of the Independent Regulatory Board for Auditors and international bodies, have been followed. The Audit Committee is satisfied that KPMG Inc is independent of the Group. An audit fee for the year of R11.9 million was approved, as well as R5.4 million in assurance services on sustainability reporting and other agreed upon services. The Audit Committee determines the nature and extent of non-audit services that the firm can provide and pre-approves all permitted non-audit assignments by the Group's independent auditor.

The Audit Committee approves the annual audit plan presented by the external auditors and monitors progress against the plan. The audit plan provides the Audit Committee with the necessary assurance on risk management, internal control environments and IT governance. The Audit Committee recommends that KPMG Inc is reappointed for the 2015 financial year with Jacques Erasmus as the Group audit engagement partner.

# REPORT OF THE AUDIT COMMITTEE

**FOR THE YEAR ENDED 31 DECEMBER 2014**

The Audit Committee has satisfied itself that both KPMG and Jacques Erasmus are accredited in terms of the JSE Listings Requirements.

The internal control systems of the Group are monitored by internal auditors who report their findings and recommendations to the Audit Committee and to senior management. The Audit Committee determines the purpose, authority and responsibility of the internal audit function in an Internal Audit Charter. The internal audit function is headed by the Vice President: Internal Audit, who may be appointed or dismissed by the Audit Committee. The Audit Committee is satisfied that the incumbent Vice President: Internal Audit has the requisite skills and experience and that she is supported by a sufficient staff complement with appropriate skills and training.

Sibanye Gold's Internal Audit (SGIA) operates in accordance with the International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors. The internal audit activities carried out during the year were identified through a combination of the Sibanye Gold Risk Management framework and the risk-based methodologies adopted by SGIA. The Audit Committee approves the annual Internal Audit assurance plan presented by SGIA and monitors progress against the plan.

SGIA reports deficiencies to the Audit Committee every quarter together with recommended remedial actions, which are then followed up. SGIA provided the Audit Committee with a written report, which assessed as adequate the internal financial controls (SOX controls), IT governance and the risk management process during 2014.

The Audit Committee is responsible for IT governance on behalf of the Board and reviews the report of the IT Senior Manager at each meeting.

The Audit Committee evaluated the expertise and performance of the CFO during 2014. It is satisfied that he has the appropriate expertise and experience to carry out his duties as the CFO of the Group, and is supported by qualified and competent senior staff.

**AUDIT COMMITTEE STATEMENT**

Based on information from, and discussions with, management and external auditors, the Audit Committee has no reason to believe that there were any material breakdowns in the design and operating effectiveness of internal financial controls during the year and that the financial records may be relied upon as the basis for preparation of the consolidated financial statements.

The Audit Committee has considered and discussed this Integrated Annual Report with both management and the external auditors.

During this process, the Audit Committee:

- evaluated significant judgments and reporting decisions;
- determined that the going-concern basis of reporting is appropriate;
- evaluated the material factors and risks that could impact on the Integrated Annual Report;
- evaluated the completeness of the financial and sustainability discussion and disclosures; and
- discussed the treatment of significant and unusual transactions with management and the external auditors.

The Audit Committee considers that the Integrated Annual Report complies in all material respects with the statutory requirements of the various regulations governing disclosure and reporting of the consolidated annual financial statements and that the consolidated financial statements comply in all material respects with IFRS, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act, 2008 (Act No 71 of 2008) and the JSE Listing Requirements. The Audit Committee has recommended to the Board that the consolidated annual financial statements be adopted and approved by the Board.

**Keith Rayner CA(SA)**
**Chairman: Audit Committee**
23 March 2015

# DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in submitting their third report and the consolidated annual financial statements of Sibanye Gold (the Company) and its subsidiaries (together referred to as the Group) for the year ended 31 December 2014.

### PROFILE
#### BUSINESS OF THE GROUP
Sibanye is a producer of gold and a major holder of gold resources and reserves in South Africa. The Group is primarily involved in underground and surface gold-mining and related activities, including extraction, and processing. All of the Group's operations are located in South Africa. The Group has gold reserves of 28.4Moz and resources of 103.9Moz as at 31 December 2014.

### REVIEW OF OPERATIONS
The activities of the various Sibanye operations are detailed in the Chief Executive Officer's Report on page 26.

### FINANCIAL RESULTS
The information on the financial position of the Group for the year ended 31 December 2014 is set out in the financial statements on pages 174 to 234 of this report. The income statement for the Group shows a profit of R1,507 million for the year ended 31 December 2014 compared with R1,698 million in 2013.

### DIRECTORATE
#### COMPOSITION OF THE BOARD
On 16 May 2014, Messrs Chris Chadwick and Robert Chan were appointed as non-executive directors. They are eligible and available for election.

The membership of the Board and its sub-committees is disclosed on pages 139 to 143.

#### DIRECTORS' AND OFFICERS' DISCLOSURE OF INTERESTS IN CONTRACTS
During the year under review, no contracts were entered into in which directors and officers of Sibanye had an interest and which significantly affected the business of the Group.

Related party information is disclosed in note 44 of the consolidated financial statements.

#### ROTATION OF DIRECTORS
Directors retiring in terms of the Company's Memorandum of Incorporation (MOI) are Chris Chadwick, Robert Chan, Timothy Cumming, Richard Menell and Jerry Vilakazi.

All the Directors are eligible and offer themselves for re-election.

The Boards of Directors of various subsidiaries of the Company comprise some of the executive officers and one of the executive directors, where appropriate.

### FINANCIAL AFFAIRS
#### DIVIDEND POLICY
Sibanye adopted a dividend policy to pay between 25% and 35% of normalised earnings as dividends. Normalised earnings are defined as profit for the year excluding gains and losses on foreign exchange, financial instruments, non-recurring items and share of associates after royalties and taxation.

For the year under review, the Group paid a total dividend of R1,005 million compared with R272 million in 2013.

On 19 February 2015 a final dividend in respect of the financial period ended 31 December 2014 of 62 cents per share was approved by the Board, payable on 23 March 2015.

### BORROWING POWERS

In terms of Clause 4 of the Company's MOI, the borrowing powers of the Company are unlimited. As at 31 December 2014, the borrowings of the Company and the Group, excluding the Burnstone Debt, totalled R1,980 million and R2,036 million respectively compared to total borrowings of R1,991 million at 31 December 2013.

Sibanye is subject to financial and other covenants and restrictions under its credit facilities from time to time. Such covenants may include restrictions on Sibanye incurring additional financial indebtedness and obligations to maintain certain financial covenant ratios for as long as any amount is outstanding under such facilities.

### SIGNIFICANT ANNOUNCEMENTS

**20 February 2014:** Sibanye declares maiden final dividend of 75 cents per share for six months ended 31 December 2013, resulting in a total dividend of 112 cents per share in 2013.

**23 April 2014:** Sibanye reports operating results for the quarter ended 31 March 2014.

**8 May 2014:** Sibanye announces the closing of the acquisition of Gold One International Limited's West Rand Operations.

**19 May 2014:** Sibanye's Board resolved to establish, with immediate effect, a Risk Committee as a Board sub-committee.

**29 May 2014:** Sibanye produces and ships its first consignment of uranium from its Cooke operations.

**4 June 2014:** Sibanye releases a trading statement and updated production forecast for the six months ending June 2014 and year ending 31 December 2014.

**25 July 2014:** Sibanye releases a trading statement for the six months ended 30 June 2014.

**31 July 2014:** Sibanye reports operating and reviewed condensed, consolidated interim financial statements for the six months ended 30 June 2014.

**12 September 2014:** Sibanye advises shareholders that the Group will enter into a consultation process, in terms of Section 189A of the Labour Relations Act with organised labour and other relevant stakeholders in order to initiate formal consultations aimed at identifying and implementing sustainable solutions to ensure delivery of the required productivity and profitability levels at the Cooke 4 operation.

**15 September 2014**: Sibanye advises shareholders that it has published a new investor presentation, to be presented at the Denver Gold Forum, on the Group website: www.sibanyegold.co.za.

**22 October 2014:** Sibanye advises shareholders that it will report an operating update for the September 2014 quarter on Tuesday, 28 October 2014, rather than on Thursday, 23 October 2014.

**28 October 2014:** Sibanye releases an operating update for the quarter ended 30 September 2014.

### GOING CONCERN

The consolidated financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The directors believe that the Group has adequate resources to continue as a going concern for the foreseeable future.

Refer to note 46 of the consolidated financial statements for further details on the Group's liquidity position at 31 December 2014.

### OCCUPATIONAL HEALTHCARE SERVICES

Occupational healthcare services are made available by Sibanye to employees from its existing facilities. There is a risk that the cost of providing such services could increase in the future, depending upon changes in the nature of underlying legislation such as the ruling by the Constitutional Court in February 2011 against Anglo American Limited in favour of a claimant, who suffered from silicosis. Increased costs, should they transpire, are currently indeterminate. The Company is monitoring developments in this regard. Further information is provided below under the Litigation paragraph and in note 40 to the consolidated financial statements.

# DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

### SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

The following special resolutions were passed by subsidiary companies during the year ended 31 December 2014.

#### 1. K2013164354 PROPRIETARY LIMITED

Special resolution passed by the sole shareholder of K2013164354 Proprietary Limited approving that the board of directors of the company be and is hereby authorised, subject to compliance with the provisions of section 45 of the Companies Act, 2008 and the Company's MOI, to approve the provision of direct or indirect financial assistance by the company to Southgold Exploration Proprietary Limited, which authority shall endure for a period of two years from the date of this resolution unless earlier revoked by the shareholder(s) of the company.

#### 2. SIBANYE GOLD EASTERN OPERATIONS PROPRIETARY LIMITED

Special resolution passed by the sole shareholder of Sibanye Gold Eastern Operations Proprietary Limited in terms of sections 16(1) and 16(5)(a), of the Companies Act that the board of directors of the Company propose to the shareholder of the company that the existing MOI of the company, that is, the memorandum and articles of association of the company, be replaced in its entirety by a new MOI.

#### 3. WITWATERSRAND CONSOLIDATED GOLD RESOURCES LIMITED

Special resolution passed by the sole shareholder of Witwatersrand Consolidated Gold Resources Limited approving that the board of directors of the company be and is hereby authorised, subject to compliance with the provisions of Section 45 of the Companies Act and the Company's MOI, to approve the provision of direct or indirect financial assistance by the company to Southgold Exploration Proprietary Limited, which authority shall endure for a period of two years from the date of this resolution unless earlier revoked by the shareholder(s) of the company.

#### 4. NEWSHELF 1114 PROPRIETARY LIMITED

Special resolution passed by the majority shareholder of Newshelf 1114 Proprietary Limited approving that the board of directors of the company may at any time and from time to time during the 2 (two) years from the passing hereof authorise the company, in terms of and subject to the provisions of section 45(3) (b) of the Companies Act, to provide any type of direct or indirect financial assistance as defined in Section 45(1) of the Companies Act, to any company or corporation that is related or inter-related to the company, on such terms and conditions and for such amounts as the board of directors may determine.

#### 5. SPECIAL RESOLUTION PASSED BY SUBSIDIARY COMPANIES

Special resolution passed by the sole shareholder of the subsidiary companies listed below, approving that the board of directors of the company may at any time and from time to time during the 2 (two) years from the passing hereof authorise the company in terms of and subject to the provisions of section 45(3)(b) of the Companies Act, to provide any type of direct or indirect financial assistance as defined in Section 45(1) of the Companies Act, to any company or corporation that is related or inter-related to the company, on such terms and conditions and for such amounts as the board of directors may determine.

- Agrihold Proprietary Limited
- Bushbuck Venture Proprietary Limited
- Golden Hytec Farming Proprietary Limited
- Golden Oils Proprietary Limited
- Living Gold Proprietary Limited
- M Janse van Rensburg Proprietary Limited
- Milen Mining Proprietary Limited
- Oryx Ventures Proprietary Limited
- Sibanye Gold Academy Proprietary Limited
- Sibanye Gold Nursing College Proprietary Limited
- Sibanye Gold Protection Services Limited Proprietary Limited
- Sibanye Gold Shared Services Proprietary Limited
- West Driefontein Gold Mining Company Limited
- Witwatersrand Deep Investments Limited
- Ezulwini Mining Company Proprietary Limited
- Rand Uranium Proprietary Limited
- St Helena Hospital Proprietary Limited
- Sibanye Gold Eastern Operations Proprietary Limited
- Puma Gold Proprietary Limited

**LITIGATION**

The Group provides occupational healthcare services to its employees through its existing facilities at the various operations. There is a risk that the cost of providing such services could increase in future, depending upon changes in the nature of underlying legislation and the profile of employees. Any such increased cost cannot be quantified. The Group is monitoring developments in this regard.

The principal health risks associated with Sibanye's mining operations in South Africa arise from occupational exposure to silica dust, noise, heat and certain hazardous chemicals. The most significant occupational diseases affecting Sibanye's workforce include lung diseases (such as silicosis, TB, a combination of the two and chronic obstructive airways disease, as well as noise-induced hearing loss. The Occupational Diseases in Mines and Works Act governs the compensation paid to mining employees who contract certain illnesses, such as silicosis. Recently, the South African Constitutional Court ruled that a claim for compensation under Occupational Diseases in Mines and Works Act does not prevent an employee from seeking compensation from its employer in a civil action under common law (either as individuals or as a class). While issues, such as negligence and causation need to be proved on a case-by-case basis, it is possible that such ruling could expose Sibanye to claims related to occupational hazards and diseases (including silicosis), which may be in the form of a class or similar group action. If Sibanye were to face a significant number of such claims and the claims were suitably established against it, the payment of compensation for the claims could have a material adverse effect on Sibanye's results of operations and financial position. In addition, Sibanye may incur significant additional costs arising out of these issues, including costs relating to the payment of fees, levies or other contributions in respect of compensatory or other funds established (if any) and expenditures arising out of its efforts to resolve any outstanding claims or other potential action.

On 21 August 2012, a court application was served on a group of respondents that included Sibanye (the August Respondents).
On 21 December 2012, a further court application was issued and was formally served on a number of respondents, including Sibanye (the December Respondents) and, together with the August Respondents, the Respondents, on 10 January 2013, on behalf of classes of mine workers, former mine workers and their dependants who were previously employed by, or who are currently employed by, among others, Sibanye, and who allegedly contracted silicosis and/or other occupational lung diseases (the Classes). The court application of 21 August 2012 and the court application of 21 December 2012 are together referred to below as the Applications.

These Applications request that the court certify a class action to be instituted by the applicants on behalf of the Classes. The Applications are the first and preliminary steps in a process where, if the court were to certify the class action, the applicants may, in a second stage, bring an action wherein they will attempt to hold the Respondents liable for silicosis, and other occupational lung diseases and resultant consequences. In the second stage, the Applications contemplate addressing what the applicants describe as common legal and factual issues regarding the claim arising from the allegations of the entire Classes. If the applicants are successful in the second stage, they envisage that individual members of the Classes could later submit individual claims for damages against the respective Respondents. The Applications do not identify the number of claims that may be instituted against the Respondents or the quantum of damages the applicants may seek.

With respect to the Applications, Sibanye filed a notice of its intention to oppose the application and instructed its attorneys to defend the claims. The two class actions were consolidated into one action during 2013. Sibanye and its attorneys further engaged with the applicants' attorneys and the court in both Applications to try to establish a court-sanctioned process to agree the timelines. Such a process was agreed upon and timelines imposed by means of a timetable. Sibanye has thus far filed all its papers opposing the Applications. The date for the hearing of the Applications is currently the weeks of 12 and 19 October 2015.

Anglo American South Africa, AngloGold Ashanti, Gold Fields, Harmony and Sibanye announced in November 2014 that they had formed an industry working group to address issues relating to compensation and medical care for OLD in the gold mining industry of South Africa.

The companies have begun to engage all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These legal proceedings are being defended.

Essentially, the companies are seeking a comprehensive solution, which deals both with the legacy compensation issues and future legal frameworks and which, while being fair to employees, also ensures the future sustainability of companies in the industry.

At this stage, Sibanye cannot quantify the potential liability from the action as the Application is currently for certification of a class nor the timing of possible outflow.

**ADMINISTRATION**

Cain Farrel was appointed Corporate Secretary of Sibanye with effect from 1 January 2013.

With effect from 11 February 2013, Computershare Investor Services Proprietary Limited became the Company's South African transfer secretaries and Capita Asset Services became the United Kingdom registrars of the Company.

**AUDITORS**

The Audit Committee has recommended to the Board that KPMG Inc continues in office in accordance with Section 90(1) of the Companies Act. Jacques Erasmus is Sibanye's lead partner at KPMG Inc, accredited by the JSE.

**SUBSIDIARY COMPANIES**

Details of major subsidiary companies in which the Company has a direct or indirect interest are set out in note 1 of the consolidated financial statements.

# SHARE CAPITAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

## SHARE CAPITAL
### AUTHORISED AND ISSUED
At the shareholder's meeting held on 21 November 2012 (Gold Fields being the sole shareholder) the Company's authorised and issued share capital each consisting of 1,000 par value shares of R1.00 each was converted into 1,000 ordinary shares with no par value. The authorised share capital was increased by the creation of a further 999,999,000 ordinary no par value shares, each ranking *pari passu* in all respects with the existing no par value shares in the Company's share capital so as to result in the Company's authorised share capital being 1,000,000,000 ordinary no par value shares. As at 31 December 2012 the authorised share capital was 1,000,000,000 ordinary no par value shares and the issued share capital was 1,000 ordinary no par value shares.

On 1 February 2013, prior to the unbundling of Sibanye from Gold Fields on 18 February 2013, Gold Fields subscribed for a further 731,647,614 shares in Sibanye for R17,246 million.

As of 31 December 2013 the authorised share capital was 1,000,000,000 ordinary no par value shares and issued share capital was 735,079,031 ordinary no par value shares.

During 2014 the Company issued and listed 156,894,754 shares to Gold One for the acquisition of Cooke and issued 6,866,411 shares as part of the SGL Share Plan.

As at 31 December 2014 the authorised share capital was 1,000,000,000 ordinary no par value shares and the issued and listed share capital was 898,840,196 ordinary no par value shares.

In terms of the general authority granted at the shareholder's meeting on 17 June 2014, the authorised but unissued ordinary share capital of the Company representing not more than 5% of the issued share capital of the Company as at 31 December 2013, after setting aside so many ordinary shares as may be required to be allotted and issued pursuant to the share incentive scheme, was placed under the control of the directors.

This authority expires at the next annual general meeting where shareholders will be asked to place under the control of the directors the authorised but unissued ordinary share capital of the Company representing not more than 5% of the issued share capital of the Company from time to time. (The shareholders will also be asked to increase the Company's authorised ordinary share capital of 1,000,000,000 ordinary shares of no par value to 2,000,000,000 ordinary shares of no par value by the creation of an additional 1,000,000,000 ordinary shares of no par value. More information on the reason for the increase is available in the Notice of the AGM.)

### REPURCHASE OF SHARES
The Company has not exercised the general authority granted to buy back shares from its issued ordinary share capital granted at the shareholders' meeting held on 17 June 2014.

At the next annual general meeting, shareholders will be asked to approve the general authority for the acquisition by the Company, or a subsidiary of the Company, of its own shares.

# INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF SIBANYE GOLD LIMITED**

We have audited the consolidated financial statements of Sibanye Gold Limited, which comprise the consolidated statements of financial position at 31 December 2014 and the consolidated income statements and the consolidated statements of changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 174 to 234, and the information in the remuneration report as set out on pages 154 to 159.

**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Sibanye Gold Limited at 31 December 2014, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

**OTHER REPORTS REQUIRED BY THE COMPANIES ACT**

As part of our audit of the financial statements for the year ended 31 December 2014, we have read the directors' report, the report of the audit committee and the corporate secretary's confirmation for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

**KPMG Inc.**
**Per Jacques Erasmus**
Chartered Accountant (SA)
Registered Auditor
Director
23 March 2015

85 Empire Road
Parktown
2193
Gauteng
South Africa

# REMUNERATION REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2014

It is the Remuneration Committee's role and responsibility to ensure that the remuneration arrangements for executive directors and senior executives offer an incentive to enhance the Group's performance and deliver responsibly on the Group's strategy. The Remuneration Committee also needs to ensure that the actual rewards received by the executive directors are proportionate to levels of performance achieved and the returns received by shareholders. The Remuneration Committee gives full consideration to the Group's priorities, its performance and shareholder interests.

Sibanye believes it is important that the structure and level of remuneration and reward are consistent across the Group and competitive within the operating market. Our remuneration structures are benchmarked against our peers and we operate comprehensive performance-based reward systems to retain and also attract the best people.

All information disclosed in this Remuneration Report for the year ended 31 December 2014 was in compliance with remuneration policies set by the Remuneration Committee. The Remuneration Committee reviewed the performance measures for the Group's incentive plans during 2014 to reposition alignment with the Group strategy.

### 2014 REMUNERATION POLICY

The key principles of Sibanye's remuneration policy are to:

- support the execution of the Group's business strategy;
- provide competitive rewards to attract, motivate and retain highly skilled executives;
- motivate and reinforce individual, team and business performance; and
- ensure Sibanye's remuneration arrangements are equitable and facilitate the deployment of people across the Group's operations.

At Sibanye, one of the critical drivers of performance is the Total Reward strategy. The Total Reward strategy is an integral part of the people strategy and promotes a holistic approach which combines all elements of cash remuneration (guaranteed and performance based) with other elements of reward (shares as well as non-financial motivators) to attract, retain and motivate employees. The principle of performance-based reward is one of the cornerstones of the reward strategy. The reward strategy is also underpinned by sound remuneration management and governance principles which are promoted across Sibanye in order to ensure the consistent application of the strategy and its policies.

The Group's reward strategy includes the following elements:

- guaranteed remuneration;
- benefits;
- cash bonus;
- bonus shares; and
- performance shares.

### REMUNERATION MIX

Sibanye's remuneration philosophy is aimed at attracting and retaining motivated, high-calibre employees and to align their interests with the shareholders. Such alignment is achieved through an appropriate mix of guaranteed and performance-based remuneration (variable pay), which provides for differentiation between high, average and low performers. The pay mix of guaranteed and variable remuneration differs according to the level of the employee within the Group. Typically, more senior employees' remuneration will consist of a higher portion of variable pay as a percentage of their total package.

The following remuneration mix for the period under review was approved by the Remuneration Committee for 2014.

| Role | Total | Guaranteed pay | Cash bonus | Bonus shares | Performance shares |
|---|---|---|---|---|---|
| CEO | 100% | 36% | 24% | 16% | 24% |
| CFO | 100% | 39% | 23% | 15% | 23% |
| SVP | 100% | 43% | 21.5% | 14% | 21.5% |

## GUARANTEED REMUNERATION

Sibanye endeavours to reward its people fairly and consistently according to their role and individual contribution to the Group. To achieve external equity and a competitive total remuneration position, Sibanye surveys the relevant markets regularly.

The benchmark for guaranteed remuneration is the market median levels within the relevant gold mining companies and other comparable mining companies.

Guaranteed remuneration levels are reviewed annually by the Remuneration Committee, taking into account the Group's performance, change in responsibility, levels of increase based on market trends and inflation. The Remuneration Committee also considers the impact of any guaranteed remuneration increase on the total remuneration package.

## ANNUAL BONUS

Executive directors are able to earn bonuses of 60% (for the CFO) and 65% (for the CEO) of their salaries for on-target performance, which is a combination of Group and individual performance. The annual bonus could increase above 60% and 65% if stretch targets are achieved whereby the maximum variable pay potential is capped at two times the on-target bonus percentage.

The targets for annual bonus are set by the Remuneration Committee. In the case of the CEO and CFO, 90% of the annual bonus is based on Group objectives and the remaining 10% on individual objectives.

In 2014 annual bonuses were based on targets approved in advance by the Remuneration Committee, comprising a combination of Group and Operational objectives taking account of the Group's business plans. For the year ended 31 December 2014, the Group performance measures for the senior executives were set by the Remuneration Committee and the weightings were as follows:

- Safety 10%;
- Production (Volume) 20%;
- Cost 30%; and
- Quality (Grade) 40%.

Aside from these four key drivers, the CEO and CFO were also assessed on personal objectives. Personal objectives are set every year for each executive based on key performance areas and are approved at the beginning of each year by the Remuneration Committee. The personal objectives are centred on three themes: Operational Excellence, Growing Sibanye and Securing Our Future.

For the year ended 31 December 2014, the Group performance measures for executive directors and senior executives were:

**Corporate performance 2014**

| | Weight | Actual | Target | Achieved |
|---|---|---|---|---|
| | % | | +100% | % |
| Reduce fatalities | 5.0 | 11 | 11.10 | 108 |
| Reduce LTIFR | 2.5 | 5.86 | 5.55 | 50 |
| Reduce SIFR | 2.5 | 3.87 | 3.13 | 0 |
| Primary on-reef development (m) | 10.0 | 19,778 | 27,466 | 0 |
| Primary off-reef development (m) | 10.0 | 48,975 | 48,466 | 107 |
| Cost of ore milled – R/ton (underground) | 30.0 | 1,651 | 1,699 | 119 |
| Grade and quality – gold produced (kg) | 40.0 | 49,432 | 50,467 | 111 |
| | 100.0 | | | 98 |

In turn, the CEO develops specific individual objectives with his own direct reports at the beginning of each year. These objectives are then reviewed with the Remuneration Committee and form the basis upon which the other executives' performance will be reviewed at the end of the year.

# REMUNERATION REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2014 CONTINUED

Based on the bonus accrued for the year ended 31 December 2014, the annual bonus as a percentage of guaranteed pay paid to directors and prescribed officers of Sibanye in February 2015 was:

| Name | Actual 2014 Annual Incentive |
|---|---|
| **Executive directors** | |
| Neal Froneman | 67.7% |
| Charl Keyter | 61.9% |
| **Prescribed officers** | |
| Shadwick Bessit | 50.6% |
| Hartley Dikgale | 50.6% |
| Cain Farrel | 40.3% |
| Nash Lutchman | 50.4% |
| Dawie Mostert | 51.6% |
| Adam Mutshinya | 50.1% |
| Dick Plaistowe | 49.9% |
| Wayne Robinson | 50.1% |
| Marius Saaiman | 50.6% |
| Richard Stewart | 50.9% |
| Peter Turner | 55.4% |
| Robert van Niekerk | 51.6% |
| James Wellsted | 51.1% |

### REVIEW OF RULES AND TARGETS:

All scheme rules and targets are regularly reviewed by the Remuneration Committee to ensure they remain relevant and effective in enabling Sibanye business objectives by driving appropriate behaviours and providing retention incentives.

### DIRECTORS' FEES

In terms of the MOI, the fees for services as non-executive directors are determined by the Company's shareholders at a general meeting.

| | Per annum |
|---|---|
| The Chair of the Board | R1,500,000 |
| The Chair of the Audit Committee | R287,000 |
| The Chairs of the Nominating and Governance Committee, Remuneration Committee, Social and Ethics Committee and Safety, Health and Sustainable Development Committee (excluding the Chairman of the Board) | R177,000 |
| Members of the Board (excluding the Chairman of the Board) | R793,000 |
| Members of the Audit Committee (excluding the Chairman of the Board) | R149,000 |
| Members of the Nominating and Governance Committee, Remuneration Committee, Social and Ethics Committee and Safety, Health and Sustainable Development Committee (excluding the Chairman of the Board) | R112,000 |

## NON-EXECUTIVE DIRECTORS' FEES, EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION

The directors and prescribed officers of Sibanye were paid the following remuneration during the year ended 31 December 2014:

| | Directors' fees (R'000) | Committee fees (R'000) | Salary (R'000) | Annual bonus accrued for the period ended 31 December 2014 paid in 2015 (R'000) | Shares proceeds and Dividends on Bonus Shares (R'000) | Pension scheme total contributions (R'000) | Expense allowance (R'000) | For the period ended 31 December 2014 (R'000) | For the period ended 31 December 2013 (R'000) |
|---|---|---|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | | | | |
| Neal Froneman | – | – | 6,746 | 5,132 | 138 | 748 | 104 | 12,868 | 14,625 |
| Charl Keyter | – | – | 3,297 | 2,331 | 1,293 | 465 | 41 | 7,427 | 6,900 |
| **Prescribed officers** | | | | | | | | | |
| Shadwick Bessit | – | – | 3,134 | 1,850 | 503 | 542 | – | 6,029 | 6,070 |
| Hartley Dikgale | – | – | 2,449 | 1,295 | 24 | 158 | – | 3,926 | 2,852 |
| Cain Farrel | – | – | 1,727 | 859 | 910 | 384 | – | 3,880 | 3,293 |
| Nash Lutchman[1] | – | – | 1,620 | 904 | 489 | 224 | – | 3,237 | – |
| Dawie Mostert | – | – | 2,292 | 1,445 | 34 | 399 | – | 4,170 | 3,850 |
| Adam Mutshinya | – | – | 2,171 | 1,282 | 737 | 380 | – | 4,570 | 4,010 |
| Dick Plaistowe[2] | – | – | 1,679 | 1,163 | – | – | – | 2,842 | – |
| Wayne Robinson[2] | – | – | 1,994 | 1,486 | – | 156 | – | 3,636 | – |
| Marius Saaiman[3] | – | – | 2,504 | 1,373 | – | 253 | – | 4,130 | – |
| Richard Stewart[2] | – | – | 1,576 | 1,254 | – | 173 | – | 3,003 | – |
| Peter Turner | – | – | 4,959 | 3,222 | 4,498 | 862 | – | 13,541 | 10,913 |
| Robert van Niekerk | – | – | 3,431 | 1,956 | 3,364 | 375 | – | 9,126 | 6,214 |
| James Wellsted | – | – | 2,412 | 1,420 | 38 | 412 | – | 4,282 | 4,672 |
| **Non-executive directors** | | | | | | | | | |
| Robert Chan[4] | 431 | 122 | – | – | – | – | – | 553 | – |
| Chris Chadwick[5] | 497 | 136 | – | – | – | – | – | 633 | – |
| Timothy Cumming | 793 | 350 | – | – | – | – | 47 | 1,190 | 978 |
| Barry Davison | 793 | 462 | – | – | – | – | – | 1,255 | 1,018 |
| Richard Menell | 793 | 530 | – | – | – | – | 28 | 1,351 | 1,145 |
| Sello Moloko | 1,500 | – | – | – | – | – | 39 | 1,539 | 1,539 |
| Nkosemntu Nika | 793 | 322 | – | – | – | – | – | 1,115 | 899 |
| Keith Rayner | 793 | 460 | – | – | – | – | – | 1,253 | 1,201 |
| Zola Skweyiya | 793 | 126 | – | – | – | – | 12 | 931 | 202 |
| Susan van der Merwe | 793 | 261 | – | – | – | – | – | 1,054 | 899 |
| Jerry Vilakazi | 793 | 289 | – | – | – | – | – | 1,082 | 1,092 |
| **Total** | **8,772** | **3,058** | **41,991** | **26,972** | **12,028** | **5,531** | **271** | **98,623** | **72,372** |

*[1] Appointed as a prescribed officer on 1 March 2014.*

*[2] Appointed as a prescribed officer on 1 June 2014.*

*[3] Appointed as a prescribed officer on 1 February 2014.*

*[4] Appointed as a non-executive director on 16 May 2014.*

*[5] Appointed as a non-executive director on 16 May 2014 (Gold One Nominated).*

# REMUNERATION REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2014
## CONTINUED

### DIRECTORS AND PRESCRIBED OFFICERS' EQUITY-SETTLED INSTRUMENTS

The directors and prescribed officers of Sibanye held the following Sibanye equity-settled instruments at 31 December 2014:

| | Equity-settled instruments at 31 December 2013 | Equity-settled instruments granted during the year | Equity-settled instruments forfeited during the year | Equity-settled instruments exercised during the year | | | Equity-settled instruments at 31 December 2014 |
|---|---|---|---|---|---|---|---|
| | Number | Number | Number | Number | Average price | Share proceeds in Rands | Number |
| **Executive Directors** | | | | | | | |
| Neal Froneman | 1,722,255 | 669,800 | – | – | – | – | 2,392,055 |
| Charl Keyter | 568,421 | 254,561 | 10,896 | 52,346 | 22.82 | 1,194,277 | 759,740 |
| **Prescribed Officers** | | | | | | | |
| Shadwick Bessit | 365,855 | 205,525 | – | 19,176 | 22.32 | 428,081 | 552,204 |
| Hartley Dikgale | 124,223 | 125,544 | – | – | – | – | 249,767 |
| Cain Farrel | 296,013 | 95,877 | 7,694 | 37,117 | 23.21 | 861,607 | 347,079 |
| Nash Lutchman[1] | 204,275 | 74,437 | 6,658 | 20,630 | 22.26 | 459,238 | 251,424 |
| Dawie Mostert | 130,840 | 142,610 | – | – | – | – | 273,450 |
| Adam Mutshinya | 321,120 | 141,124 | – | 24,372 | 27.60 | 672,667 | 437,872 |
| Dick Plaistowe[2] | – | 37,207 | – | – | – | – | 37,207 |
| Wayne Robinson[2] | – | 47,296 | – | – | – | – | 47,296 |
| Marius Saaiman[3] | – | 73,457 | – | – | – | – | 73,457 |
| Richard Stewart[2] | – | 39,339 | – | – | – | – | 39,339 |
| Peter Turner | 1,109,235 | 361,123 | 17,300 | 173,646 | 24.68 | 4,285,687 | 1,279,412 |
| Robert van Niekerk | 821,464 | 213,924 | 18,474 | 143,735 | 22.42 | 3,222,323 | 873,179 |
| James Wellsted | 177,180 | 156,247 | – | – | – | – | 333,427 |

*[1] Appointed as a prescribed officer on 1 March 2014 (Opening balance of 204,275 equity-settled instruments at 28 February 2014).*

*[2] Appointed as a prescribed officer on 1 June 2014.*

*[3] Appointed as a prescribed officer on 1 February 2014.*

### SHARE OWNERSHIP OF DIRECTORS AND PRESCRIBED OFFICERS

The following sets forth, to the knowledge of Sibanye's management, the total amount of ordinary shares of Sibanye directly or indirectly owned by the directors, prescribed officers, and their associates as at 31 December 2014:

| | 2014 Ordinary shares | 2013 |
|---|---|---|
| **Executive Directors** | | |
| Charl Keyter | **78,404** | 48,040 |
| **Prescribed Officers** | | |
| Cain Farrel | **37,772** | 26,436 |
| Peter Turner | **448,135** | 347,419 |
| James Wellsted | **33,016** | 33,016 |
| **Non-executive Directors** | | |
| Chris Chadwick | **88** | – |
| Timothy Cumming | **100** | 100 |
| Richard Menell | **44,800** | 44,800 |
| Keith Rayner | **60,000** | 70,000 |

*This holding is unchanged at the date of this report.*

### THE SIBANYE GOLD LIMITED 2013 SHARE PLAN

Sibanye has in place a share plan for certain of its employees, the Sibanye Gold Limited 2013 Share Plan (the SGL Share Plan). The SGL Share Plan comprises of two parts:

(i) bonus shares (which serve as medium-term incentives); and

(ii) performance shares (which serve as long-term incentives).

#### (I) BONUS SHARES

The Committee makes an annual conditional award of shares to each Executive Director, Senior Executive and Vice President. The size of the award depends on the individual's annual cash bonus, which is determined by actual performance against predetermined targets.

The value of the award is equal to two-thirds of the actual annual bonus and is allocated in the form of restricted shares. The Bonus Shares vest in two equal parts at 9 months and 18 months after the award date. Dividends are payable on the Bonus Shares during the holding period.

#### (II) PERFORMANCE SHARES

The Remuneration Committee makes an annual conditional award of shares to the CEO, CFO, SVPs and Vice Presidents (VPs). The number of performance shares awarded to an employee is based on the employee's annual guaranteed pay, grade and performance. The actual number of performance shares which can further vest at 100%, 150% or 200%; is determined by Sibanye's share price performance measured against the performance of a peer group, being Harmony Gold Mining Company and Pan African Resources plc over a performance period of three years. This peer group is determined and approved by the Remuneration Committee. The amount of performance shares, which finally vest, is based on the relative change in the Sibanye share price compared to the respective share prices of the individual companies within the peer group and with discretion allowed due to the small sample size. For any performance share award to be settled to executives, an internal company performance target is required to be met before the external relative measure is applied.

This threshold performance criterion is set at 85% of Sibanye's expected gold production over the three-year measurement period as set out in the business plans of Sibanye as approved by the Board. Only once the internal measure has been achieved, will the external measure (Sibanye's share price performance measured against the abovementioned peer group) be applied to determine the scale of the vesting of awards of performance shares.

### THE SIBANYE GOLD LIMITED PHANTOM SHARE SCHEME

The Remuneration Committee approved a revised Annual Incentive Scheme for management level employees that were eligible for participation in the Phantom Scheme, which was subsequently discontinued post final allocations made in March 2014.

### EXECUTIVE DIRECTORS' CONTRACTS OF EMPLOYMENT

The employment of an executive director will continue until terminated upon (i) 24 or 12 months' notice by either party for the CEO and CFO, respectively, or (ii) retirement of the relevant executive director (currently provided for at age 60 in the contract). Sibanye can also terminate the executive director's employment summarily for any reason recognised by law as justifying summary termination.

The employment contracts also provide that, in the event of the relevant executive director's employment being terminated solely as a result of a "change of control" as defined below, and within 12 months of the change of control, the director is entitled to:

(i) payment of an amount equal to twice his Gross Remuneration Package (GRP), or two and a half times in the case of the CEO;

(ii) payment of an amount equal to the average of the incentive bonuses paid to the executive director during the previous two completed financial years;

(iii) any other payments and/or benefits due under the contracts;

(iv) payment of any annual incentive bonus he has earned during the financial year notwithstanding that the financial year is incomplete;

(v) an entitlement to awards, in terms of the Sibanye Gold Limited Incentive Scheme, shall accelerate on the date of termination of employment and settle with the full number of shares previously awarded.

The employment contracts further provide that these payments cover any compensation or damages the executive director may have under any applicable employment legislation.

A "change of control" for the above is defined as the acquisition by a third party or concerned parties of 30% or more of Sibanye ordinary shares.

In the event of the consummation of an acquisition, merger, consolidation, scheme of arrangement or other reorganisation, whether or not there is a change of control, if the executive director's services are terminated, the "change of control" provisions summarised above also apply.

The two executives who are currently entitled to the change of control compensation benefits will be grandfathered. Except for the two executives, none of the prescribed officers have entered into employment contracts that should compensate for severance because of change of control.
The two executives who are currently entitled to the change of control compensation benefits will be grandfathered.

### DIRECTORS' AND OFFICERS' DISCLOSURE OF INTERESTS IN CONTRACTS

During the year under review, no contracts were entered into in which directors and officers of the company had an interest and which significantly affected the business of the Group.

# Annual Financial Statements

Kloof 7 shaft

## CONTENTS

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS



# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

## INTRODUCTION

Sibanye is an independent, South African domiciled and focused mining group, which currently owns and operates four underground and surface gold operations, namely the Driefontein operation (Driefontein), the Kloof operation (Kloof) and the Cooke operation (Cooke) in the West Witwatersrand region and the Beatrix operation (Beatrix) in the southern Free State. In addition to its mining activities, the Group owns and manages significant extraction and processing facilities at its operations, which beneficiate the gold-bearing ore mined.

Sibanye is the largest producer of gold from South Africa, based on annual production in the year ended 31 December 2014, and it is one of the world's 10 largest gold producers during the same period.

In 2014, Sibanye produced 49,432kg (1.59Moz) (2013: 44,474kg (1.43Moz) of gold at an average All-in cost of R375,854/kg (US$1,080/oz) (2013: R354,376/kg (US$1,148/oz) and invested R3,251 million (2013: R2,902 million) in capital at its operations.

In 2014, Sibanye had an operating margin of 34% and an All-in cost margin of 15%. During the year, Sibanye generated free cash flow of R1,807 million (2013: R3,731 million) and profit of R1,507 million (2013: R1,698 million).

At 31 December 2014, Sibanye held gold mineral reserves of 28.4Moz (2013: 19.7Moz) and uranium mineral reserves of 102.5Mlb (2013: 43.2Mlb).

The following financial review provides stakeholders with greater insight into the financial performance and position of the Group. Our primary financial focuses are to reduce costs, increase cash generation to provide a return on equity and to reward shareholders with sustainable dividends.

Stakeholders are advised to read this review in conjunction with the consolidated financial statements presented on pages 174 to 234.

## FACTORS AFFECTING OUR PERFORMANCE

### GOLD PRICE

Sibanye's revenues are primarily derived from the sale of the gold that it produces. Sibanye does not generally enter into forward sales, commodity derivatives or other hedging arrangements in order to establish a price in advance of the sale of its gold production. As a result it is fully exposed to changes in the gold price. Gold hedging could however be considered in the future under one or more of the following circumstances: to protect cash flows at times of significant capital expenditures; financing projects; or to safeguard the viability of higher cost operations.

The market price of gold has historically been volatile and is affected by numerous factors over which Sibanye has no control, such as general supply and demand, speculative trading activity and global economic drivers. Should the gold price decline below Sibanye's unit production cost the Group may experience losses and, should this situation remain for an extended period, Sibanye may be forced to curtail or suspend some or all of its projects, operations and/or reduce operational capital expenditure. Sibanye might not be able to recover any losses incurred during, or after, such events. A sustained period of significant gold price volatility may also adversely affect Sibanye's ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

The volatility of the price of gold is illustrated in the gold price table below (which shows the annual high, low and average of the London afternoon fixing price of gold):

| | Price per ounce[1] | | |
|---|---|---|---|
| Gold | High | Low | Average |
| 2010 | 1,421 | 1,058 | 1,224 |
| 2011 | 1,895 | 1,319 | 1,571 |
| 2012 | 1,792 | 1,540 | 1,669 |
| 2013 | 1,694 | 1,192 | 1,409 |
| 2014 | 1,385 | 1,142 | 1,265 |
| 2015 (through 17 March 2015) | 1,298 | 1,150 | 1,226 |

[1] *Rounded to the nearest US dollar*

On 17 March 2015, the London afternoon fixing price of gold was US$1,151/oz.

### EXCHANGE RATES

Sibanye's operations are all located in South Africa and its revenues are equally sensitive to changes in the dollar gold price and the rand/US dollar exchange rate (the exchange rate). Depreciation of the rand against the US dollar results in Sibanye's revenues and operating margins increasing. Conversely, should the rand appreciate against the US dollar, revenues and operating margins would decrease. The impact on profitability of any change in the exchange rate can be substantial. Furthermore, the exchange rates obtained when converting US dollars to rand are set by foreign exchange markets, over which Sibanye has no control. The relationship between currencies and commodities, which includes the gold price, is complex and changes in exchange rates can influence commodity prices and vice versa.

As a general rule, Sibanye does not enter into long-term currency hedging arrangements and is exposed to the spot market exchange rate. Sibanye's operating costs are primarily denominated in rand and forward cover could be considered for significant expenditures based in foreign currency or those items which have long lead times to production or delivery. No foreign exchange hedging contracts were entered into in 2014.

### COSTS

Sibanye's operating costs (being cost of sales less amortisation and depreciation) comprise mainly labour and contractor costs, power and water, and consumable stores which include, inter alia, explosives, timber, cyanide and other consumables. Sibanye expects that its operating costs, particularly the input costs noted above, are likely to continue to increase in the near future and will be driven by inflation, general economic trends, market dynamics and other regulatory changes.

The South African inflation rate or Consumer Price Index (CPI) increased to 6.1% in 2014 (2013: 5.7%). Mining inflation has historically been significantly higher than CPI, with key operating costs, in particular wages and electricity costs, increasing considerably more than CPI.

Sibanye's operations are labour intensive. Labour represented 47% and 51% of operating costs during 2014 and 2013, respectively.

During 2013 Sibanye negotiated a two-year wage agreement with the South African mining unions, which represented the majority of its workforce, at above-inflation wage increases effective from 1 July 2013 of between 7.5% and 8.0%, depending on the category of employee. Increases from 1 July 2014 were based on the CPI plus 0.5% or 1.0%, with a minimum of 6.5% and 7.0%, again depending on the category of employee. The next round of wage negotiations is scheduled to begin in mid-2015.

Power and water comprised 19% in 2014 and 2013. During 2013 Eskom applied to NERSA for an average annual tariff increase of 16% for a five-year period as of 1 April 2013, of which an increase of 8% was approved.

The effect of the abovementioned increases, especially being above the average inflation rate may adversely affect, the profitability of Sibanye's operations. Further, Sibanye's operating costs are primarily denominated in rand, while revenues from gold sales are in US dollars. Generally when inflation is high the rand tends to devalue, thereby increasing rand revenues, and potentially offsetting any increase in costs. However, there can be no guarantee that any cost saving measures or the effects of any potential devaluation will offset the effects of increased inflation and production costs.

### PRODUCTION

Sibanye's revenues are driven by its production levels and the price it realises from the sale of gold, as discussed above. Production can be affected by a number of factors including industrial action, safety related work stoppages, mining grades and other mining related incidents. These factors could have an impact on production levels in the future.

In recent years, the South African mining industry has experienced greater union unrest. The entry of new unions such as Association of Mineworkers and Construction Union (AMCU), which has become a significant rival to the traditionally dominant National Union of Mineworkers (NUM), has resulted in more frequent industrial disputes, including violent protests, intra-union violence and clashes with police authorities. During 2013 and 2014 Sibanye experienced very little disruption to production as a result of industrial action. Sibanye is continually working to improve relations with its employees and unions to hopefully prevent any future production losses.

Sibanye's operations are also subject to South African health and safety laws and regulations that impose various duties on Sibanye's mines while granting the authorities powers to, among other things, close or suspend operations and order corrective action relating to health and safety matters. During 2014, Sibanye's operations experienced 82 work stoppages (2013: 55).

All our operations are in their mature life stage and have encountered lower mining grades and yields.

Sibanye's key focus is to maintain profitable operations and sustain current production levels for a longer period than had previously been envisaged, through an increased focus on productivity. Furthermore, focus will be on realising the extensive Reserves and Resources potential that still exists.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

## ROYALTIES AND MINING TAX

South African mining operations pay a royalty tax. The formula for calculating royalties takes into account the profitability of individual operations. The royalty formula is detailed in note 10.1: Royalties to the consolidated financial statements. Under South African tax legislation, gold mining companies and non-gold mining companies are taxed at different rates. All our operations are subject to the gold tax formula on their respective mining income. The formula calculating tax payable, which is detailed in the notes to the consolidated financial statements, is affected by the profitability of the applicable mining operation. In addition, these operations are ring fenced, so each operation is taxed separately and, as a result, taxable losses and capital expenditure at one of the operations cannot be used to reduce taxable income from another operation. Depending on the profitability of the operations, the tax rate can vary significantly from year to year.

## CAPITAL EXPENDITURE

Sibanye will continue to invest capital in new and existing infrastructure and possible growth opportunities. Therefore, management will be required to consider, on an ongoing basis, the capital expenditure necessary to achieve its sustainable production objectives against other demands on cash.

As part of its strategy, Sibanye may investigate the potential exploitation of mineralisation below its current infrastructure limits as well as other capital-intensive projects. Management expects that Sibanye's dividend policy will not, however, be affected by its capital expenditure.

In 2014, Sibanye's total capital expenditure was R3.3 billion (2013: R2.9 billion). Sibanye expects to spend approximately R3.6 billion on capital in 2015, excluding any acquisitions.

The actual amount of capital expenditure will depend on a number of factors, such as production volumes, the price of gold and general economic conditions and may differ from the amount forecast above. Some of these factors are outside of the control of Sibanye.

## RECENT ACQUISITIONS

On 21 August 2013, Sibanye entered into an agreement with Gold One to acquire Cooke. On 11 December 2013, Sibanye made an offer to acquire 100% of Wits Gold. On 5 July 2013, Wits Gold had submitted a final binding offer to the business rescue practitioner of SGEO to acquire SGEO, the sole owner of Burnstone, which was included in the business rescue plan and approved by the creditors of SGEO on 11 July 2013.

The acquisitions of Wits Gold, Cooke and Burnstone were completed on 14 April 2014, 15 May 2014 and 1 July 2014, respectively.

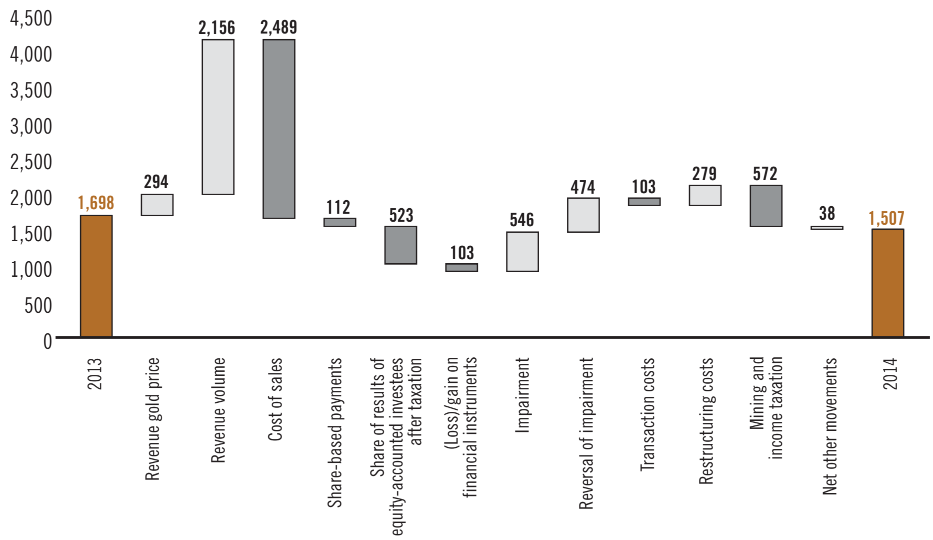
Results of Wits Gold, Cooke and Burnstone are presented for the eight, seven and six months ended 31 December 2014, respectively following the completion of the acquisitions.

## 2014 FINANCIAL PERFORMANCE COMPARED WITH 2013

Group profit decreased from R1,698 million for 2013 to R1,507 million for 2014. The reasons for this decrease are discussed below.

The primary factors explaining the movements are set out in the table below:

**Net profit movements (Rm)**



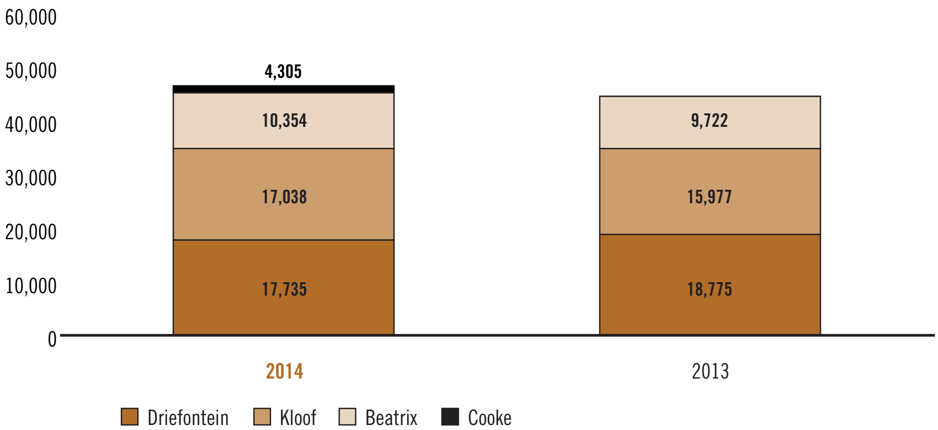
## REVENUE

Revenue increased by 13% from R19,331 million in 2013 to R21,781 million in 2014. Revenue is driven by the level of gold produced and sold during the year and the average rand gold price, which increased by 11% and 1%, respectively.

The increase in the average rand gold price was due to the 13% weaker rand of R10.82/US$ in 2014 compared with R9.60/US$ in 2013. However, this was mostly offset by the decrease in the average realised US dollar gold price from US$1,408/oz to US$1,267/oz year-on-year.

The increase in the gold produced for the year from 44,474kg to 49,432kg was mainly due to the acquisition and integration of Cooke for the seven months ended 31 December 2014. Gold production excluding Cooke was marginally higher at 45,127kg, despite the loss of over 500kg due to an underground fire at Driefontein early in 2014 and the intermittent loss of electricity (load shedding by the power supplier – Eskom) in the latter part of the year. Gold production from the operations is shown in the graph below:

**Gold produced (kg)**




## COST OF SALES

Cost of sales, which consist of operating costs and amortisation and depreciation, increased by 17% from R15,077 million in 2013 to R17,566 million in 2014, with the incorporation of Cooke which accounted for R2,001 million of this increase.

The primary drivers of cost of sales were as follows:

| | 2014 | 2013 | |
|---|---|---|---|
| | R million | R million | % change |
| Salaries and wages | **6,665** | 6,156 | 8 |
| Consumable stores | **3,481** | 2,721 | 28 |
| Utilities | **2,753** | 2,315 | 19 |
| Mine contracts | **1,136** | 928 | 22 |
| Other | **2,403** | 1,736 | 38 |
| Ore reserve development (ORD) costs capitalised | **(2,127)** | (1,883) | 13 |
| Operating costs | **14,311** | 11,973 | 20 |
| – Driefontein, Kloof and Beatrix | **12,618** | 11,973 | 5 |
| – Cooke | **1,693** | – | 100 |
| Amortisation and depreciation | **3,255** | 3,104 | 5 |
| – Driefontein, Kloof and Beatrix | **2,947** | 3,104 | (5) |
| – Cooke | **308** | – | 100 |
| **Total cost of sales** | **17,566** | 15,077 | 17 |
| – Driefontein, Kloof and Beatrix | **15,565** | 15,077 | 3 |
| – Cooke | **2,001** | – | 100 |

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

The analysis that follows provides a more detailed discussion of cost of sales, together with the total cash cost, All-in sustaining cost and All-in cost.

## OPERATING COSTS – COST OF SALES LESS AMORTISATION AND DEPRECIATION

Operating costs increased by 20% from R11,973 million in 2013 to R14,311 million in 2014, or just over 5% excluding Cooke. The increase in operating costs excluding Cooke was due to above inflation wage increases, increased electricity tariffs and costs associated with the increased production, such as consumable stores and bonuses. These increases were partly offset by cost-saving initiatives implemented in 2013, which continued in 2014, and included further restructuring across the group – including reduced number of contractors, improved efficiencies and programmes aimed at reducing electricity costs, which have been especially successful. The increase in the ORD costs capitalised was mainly due to an increase in capitalised development at the Beatrix West Section of R77 million and the inclusion of Cooke.

The table below presents a reconciliation from cost of sales to total cash cost:

| | | 2014 | | | | | | 2013 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Rand million except as otherwise stated** | | **Group** | **Driefontein** | **Kloof** | **Beatrix** | **Cooke** | **Corporate** | **Group** | **Driefontein** | **Kloof** | **Beatrix** | **Corporate** |
| Cost of sales per income statement | | **17,566** | **6,041** | **5,824** | **3,673** | **2,001** | **27** | 15,077 | 6,339 | 5,198 | 3,519 | 21 |
| Deduct: Amortisation and depreciation | | **(3,255)** | **(1,129)** | **(1,322)** | **(469)** | **(308)** | **(27)** | (3,104) | (1,458) | (1,097) | (528) | (21) |
| Operating costs | | **14,311** | **4,912** | **4,502** | **3,204** | **1,693** | **–** | 11,973 | 4,881 | 4,101 | 2,991 | – |
| Adjusted for: | | | | | | | | | | | | |
| General and admin costs | | **(147)** | **(56)** | **(55)** | **(36)** | **–** | **–** | (234) | (85) | (69) | (80) | – |
| Royalties[1] | | **431** | **166** | **175** | **82** | **8** | **–** | 415 | 199 | 147 | 69 | – |
| **Total cash cost** | | **14,595** | **5,022** | **4,622** | **3,250** | **1,701** | **–** | 12,154 | 4,995 | 4,179 | 2,980 | – |
| Gold sold | kg | **49,432** | **17,735** | **17,038** | **10,354** | **4,305** | | 44,474 | 18,775 | 15,977 | 9,722 | |
| | '000oz | **1,589.3** | **570.2** | **547.8** | **332.9** | **138.4** | | 1,429.9 | 603.6 | 513.7 | 312.6 | |
| **Total cash cost[2]** | R/kg | **295,246** | **283,129** | **271,282** | **313,888** | **395,168** | | 273,281 | 265,997 | 261,570 | 306,593 | |
| | US$/oz | **849** | **814** | **780** | **902** | **1,136** | | 885 | 862 | 847 | 993 | |

*The average exchange rate for the year ended 31 December 2014 was R10.82/US$ (2013: R9.60/US$).*

*[1] Royalties are included as part of total cash cost but are reflected below operating profit in the income statements.*

*[2] For information on how Sibanye has calculated total cash cost per kilogram and total cash cost per ounce, see Key Features – Financial and Non-financial Performance.*

Total cash cost per kilogram increased by 8% from an average of R273,281/kg in 2013 to R295,246/kg in 2014. This increase was mostly due to the Cooke operations, which being partly in a build-up phase, operated at an average unit cost of R395,168/kg for the seven months since incorporation; full production is anticipated by mid-2015. In US dollar terms, total cash cost per ounce decreased by 4% from US$885/oz to US$849/oz due to the 13% weaker rand/dollar exchange rate.

## AMORTISATION AND DEPRECIATION

Amortisation and depreciation increased by 5% from R3,104 million in 2013 to R3,255 million in 2014. This increase was due to the inclusion of Cooke, which added R308 million, and the increase in production at Kloof, adding R225 million. This was partly offset by a decrease of R329 million at Driefontein due to an increase in reserves on which the amortisation calculation is based, and R59 million at Beatrix as no amortisation occurred at the Beatrix West Section during 2014 as this section was impaired in mid-2013.

## ALL-IN COST

All-in cost per ounce, was introduced in 2013 by the members of the World Gold Council. Sibanye has adopted the principle prescribed by the Council. This new non-GAAP measure provides more transparency into the total costs associated with gold mining.

The All-in cost per ounce metric provides relevant information to investors, governments, local communities and other stakeholders in understanding the economics of gold mining. This is especially true with reference to capital expenditure associated with developing and maintaining gold mines, which has increased significantly in recent years and is reflected in this new metric.

Total All-in cost excludes income tax, costs associated with merger and acquisition activities, working capital, impairments, financing costs, one-time severance charges and items needed to normalise earnings.

All-in cost is made up of All-in sustaining cost, being the cost to sustain current operations, given as a sub-total in the All-in cost calculation, together with corporate and major capital expenditure associated with growth.

The table below presents a reconciliation from operating costs to All-in sustaining cost and All-in cost:

| | | 2014 | | | | | | 2013 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rand million except as otherwise stated | | Group | Driefontein | Kloof | Beatrix | Cooke | Corporate | Group | Driefontein | Kloof | Beatrix | Corporate |
| Operating costs | | **14,311** | **4,912** | **4,502** | **3,204** | **1,693** | – | 11,973 | 4,881 | 4,101 | 2,991 | – |
| Plus: | | | | | | | | | | | | |
| Community costs[1] | | **37** | **12** | **11** | **14** | – | – | 24 | 9 | 8 | 7 | – |
| Share-based payments[2] | | **418** | **69** | **58** | **46** | – | **245** | 306 | 61 | 47 | 42 | 156 |
| Royalties[3] | | **431** | **166** | **175** | **82** | **8** | – | 415 | 199 | 147 | 69 | – |
| Rehabilitation[4] | | **138** | **39** | **33** | **18** | **48** | – | 165 | 84 | 54 | 27 | – |
| ORD[5] | | **2,127** | **684** | **880** | **446** | **117** | – | 1,883 | 703 | 844 | 336 | – |
| Sustaining capital expenditure[6] | | **975** | **465** | **356** | **102** | **52** | – | 1,018 | 319 | 460 | 201 | 38 |
| Less: | | | | | | | | | | | | |
| By-product credit[7] | | **(24)** | **(10)** | **(7)** | **(7)** | – | – | (23) | (10) | (7) | (6) | – |
| **All-in sustaining cost** | | **18,413** | **6,337** | **6,008** | **3,905** | **1,918** | **245** | 15,761 | 6,246 | 5,654 | 3,667 | 194 |
| Plus: | | | | | | | | | | | | |
| Group exploration and other | | **16** | – | – | **9** | **6** | **1** | – | – | – | – | – |
| Corporate cost and growth capital | | **150** | – | – | – | **61** | **89** | – | – | – | – | – |
| **All-in cost** | | **18,579** | **6,337** | **6,008** | **3,914** | **1,985** | **335** | 15,761 | 6,246 | 5,654 | 3,667 | 194 |
| Gold sold | kg | **49,432** | **17,735** | **17,038** | **10,354** | **4,305** | | 44,474 | 18,775 | 15,977 | 9,722 | |
| | '000oz | **1,589.3** | **570.2** | **547.8** | **332.9** | **138.4** | | 1,429.9 | 603.6 | 513.7 | 312.6 | |
| **All-in sustaining cost[8]** | R/kg | **372,492** | **357,333** | **352,624** | **377,101** | **445,645** | | 354,376 | 332,660 | 353,884 | 377,206 | |
| | US$/oz | **1,071** | **1,027** | **1,014** | **1,084** | **1,281** | | 1,148 | 1,078 | 1,147 | 1,222 | |
| **All-in cost[8]** | R/kg | **375,854** | **357,333** | **352,624** | **378,008** | **461,045** | | 354,376 | 332,660 | 353,884 | 377,206 | |
| | US$/oz | **1,080** | **1,027** | **1,014** | **1,087** | **1,325** | | 1,148 | 1,078 | 1,147 | 1,222 | |

*The average exchange rate for the year ended 31 December 2014 was R10.82/US$ (2013: R9.60/US$).*

[1] *Community costs includes costs related to community development.*

[2] *Share-based payments includes share-based payments compensation cost to support Sibanye's corporate structure not directly related to current gold production. Share-based payments are calculated based on the fair value at initial recognition and do not include the fair value adjustment of the cash-settled share-based payment liability to the reporting fair value.*

[3] *Royalties is the royalty on refined minerals payable to the South African government.*

[4] *Rehabilitation includes the interest charge related to the environmental rehabilitation obligation and the amortisation of the related capitalised rehabilitation costs recorded as an asset. The interest charge related to the environmental rehabilitation obligation and the amortisation of the capitalised rehabilitation costs do not reflect annual cash outflows and are calculated in accordance with IFRS. The interest charge and amortisation reflect the periodic costs of rehabilitation associated with current gold production and are therefore included in the measure.*

[5] *ORD are those capital expenditures that allow access to reserves that are economically recoverable in the future, including, but is not limited to, crosscuts, footwalls, return airways and box holes which will avail gold production or reserves.*

[6] *Sustaining capital expenditure are those capital expenditures that are necessary to maintain current gold production and execute the current mine plan. Sustaining capital costs are relevant to the All-in cost metric as these are needed to maintain Sibanye's current operations and provide improved transparency related to our ability to finance these expenditures.*

[7] *By-product credit—The All-in cost metric is focused on the cost associated with producing and selling a kilogram of gold, and therefore the metric captures the benefit of mining other metals when we produce and sell gold. In determining the All-in cost, the costs associated with producing and selling a kilogram of gold is reduced by the benefit received from the sale of silver, recognised as product sales, which are extracted and processed along with the gold produced. This is relevant to the All-in cost metric as it aids in the investor's analysis of the profitability of producing a kilogram of gold, without the need to consider multiple metal prices.*

[8] *For information on how Sibanye has calculated All-in sustaining cost per kilogram, All-in sustaining cost per ounce, All-in cost per kilogram and All-in cost per ounce, see Key Features – Financial and Non-financial Performance.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

All-in sustaining cost, a sub-set of All-in cost increased by 5% from R354,376/kg (US$1,148/oz) in 2013 to R372,492/kg (US$1,071/oz) in 2014 as a result of the Cooke acquisition, which added unit costs of R445,645/kg (US$1,281/oz), together with the increased operating cost and increased ORD at Beatrix and Kloof.

All-in cost increased by 6% from R354,376/kg (US$1,148/oz) in 2013 to R375,854/kg (US$1,080/oz) in 2014. Included in the All-in cost for 2014 is corporate expenditure of R89 million, which predominately relates to capital expenditure at the newly acquired Burnstone mine of R72 million and exploration cost on the Beisa uranium project of R9 million.

### NET OPERATING PROFIT
As a result of the factors discussed above, net operating profit was marginally lower for 2014 at R4,214 million compared with R4,254 million for 2013.

### INVESTMENT INCOME
Income from investments increased by 14% from R160 million in 2013 to R183 million in 2014.

Interest on cash balances increased from R63 million in 2013 to R69 million in 2014, due to the incorporation of Cooke, which added R9 million in interest.

Interest on funds invested in various interest bearing investments for the environmental rehabilitation obligations of the group increased from R85 million in 2013 to R99 million in 2014, due to higher balance of the fund when compared with 2013 and the incorporation of Cooke, which added R6 million.

The unwinding of the financial guarantee asset increased from R12 million in 2013 to R15 million in 2014.

### FINANCE EXPENSES
Finance expenses decreased from R420 million in 2013 to R400 million in 2014.

Interest on borrowings decreased from R319 million in 2013 to R188 million in 2014, mainly due to the decrease in the average indebtedness year-on-year. Sibanye's debt outstanding during the first half of 2013 was approximately R4.0 billion and it was only during the second half of 2013 that Sibanye was able to reduce its debt levels to R2.5 billion. Sibanye's average gross debt outstanding, excluding the Burnstone Debt, during 2014 was approximately R2.0 billion.

The environmental rehabilitation liability accretion expense increased from R93 million in 2013 to R162 million in 2014 mainly due to an increase in the mines' lives and the incorporation of Cooke and Burnstone, which added R28 million and R2 million, respectively.

The 2014 finance expenses include R43 million, relating to the unwinding of Burnstone Debt (2013: Rnil).

### SHARE-BASED PAYMENTS
The share-based payment expense of R418 million in 2014 (2013: R306 million) consists of R176 million (2013: R213 million) relating to equity-settled share options granted under the SGL Share Plan, Gold Fields Limited 2012 Share Plan and Gold Fields Limited 2005 Share Plan, and R242 million (2013: R92 million) relating to instruments granted under the SGL Phantom Scheme.

The SGL Phantom Scheme share-based payment expense increased from R92 million in 2013 to R242 million in 2014 due to the fair value of each option granted under the scheme increasing due to the appreciation in Sibanye's share price.

The cash-settled share instruments are valued at each reporting date based on the fair value of the instrument at that reporting date. The difference between the reporting date fair value and the initial recognition fair value of these cash settled share options is included in loss/gain on financial instruments in the income statement.

### SHARE OF RESULTS OF EQUITY-ACCOUNTED INVESTEES AFTER TAXATION
The R471 million loss from share of results of associates for 2014 was primarily due to a net R480 million loss relating to Sibanye's 33.1% interest in Rand Refinery.

For additional information of Sibanye's investment in Rand Refinery and the equity loss see note 19: Equity-accounted investments to the consolidated financial statements.

### LOSS/GAIN ON FINANCIAL INSTRUMENTS
The loss on financial instruments of R108 million in 2014 (2013: R5 million) consists of R202 million (2013: R33 million) fair value loss relating to SGL Phantom Scheme options, R63 million (2013: Rnil) fair value gain on investments under the environmental rehabilitation obligation funds and R32 million (2013: R28 million) gain relating to the financial guarantee liability.

### IMPAIRMENTS

The impairments amounted to R275 million in 2014, compared with R821 million in 2013.

The impairment in 2014 related to a R156 million impairment of the Python plant at Kloof, which was decommissioned in July 2014 due to process design flaws, and the R120 million impairment of investment in Rand Refinery. For additional information of Sibanye's investment in Rand Refinery and the equity loss see note 19: Equity-accounted investments to the consolidated financial statements.

During February 2013, a fire at Beatrix West Section affected approximately 38% of the planned production area, threatening the commercial viability of the Beatrix West Section. As a result a decision was taken during the year to impair Beatrix West's mining assets by R821 million.

### REVERSAL OF IMPAIRMENT

Due to the positive results of a restructuring process at the Beatrix West Section it has subsequently returned to profitability. As a result a decision was taken in December 2014 to reverse the impairment by R474 million.

### TRANSACTION COSTS

The transaction costs of R112 million (2013: R9 million) related to the finalisation of the Cooke and Burnstone acquisitions of R82 million and R30 million, respectively.

### RESTRUCTURING COSTS

Significant restructuring during 2013 had resulted in R439 million additional costs. During 2014 restructuring costs, including voluntary separation packages, of R160 million were incurred at Cooke, Driefontein and Corporate Services.

### ROYALTIES

Royalties increased from R415 million in 2013 to R431 million in 2014. The increased royalty in 2014 was mainly due to the increase in gold sold.

The rate of royalty tax payable as a percentage of revenue was:

| % | 2014 | 2013 |
|---|---|---|
| Driefontein | **2.1** | 2.4 |
| Kloof | **2.3** | 2.1 |
| Beatrix | **1.8** | 1.6 |
| Cooke | **0.4** | – |
| Average for Group | **2.0** | 2.1 |

### MINING AND INCOME TAXATION

Mining and income taxation increased from R256 million in 2013 to R828 million in 2014. The table below indicates Sibanye's effective tax expense rate in 2014 and 2013:

| | 2014 | 2013 |
|---|---|---|
| Mining and income tax (Rm) | **828** | 256 |
| Effective taxation rate (%) | **35.5** | 13.1 |

In 2014, the effective tax expense rate of 36% was higher than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:

- R10 million rate adjustment to reflect the actual realised company tax rates;
- R60 million non-deductible charges related to share-based payments;
- R160 million non-taxable share of results of equity-accounted investees;
- R41 million non-deductible impairments;
- R23 million net non-taxable income and non-deductible expenditure; and
- R81 million assessed losses not recognised.

The above was offset by the R340 million reduction related to the mining tax formula rate adjustment.

In 2013, the effective tax expense rate of 13% was lower than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:

- R330 million reduction related to the mining tax formula rate adjustment;
- R214 million deferred tax released on reduction of the long-term expected tax rate at the operations; and
- R1 million of net non-deductible expenditure and non-taxable income.

The above were offset by the following tax-affected charges:

- R64 million adjustment reflected the actual realised company tax rates; and
- R73 million non-deductible charges related to share-based payments.

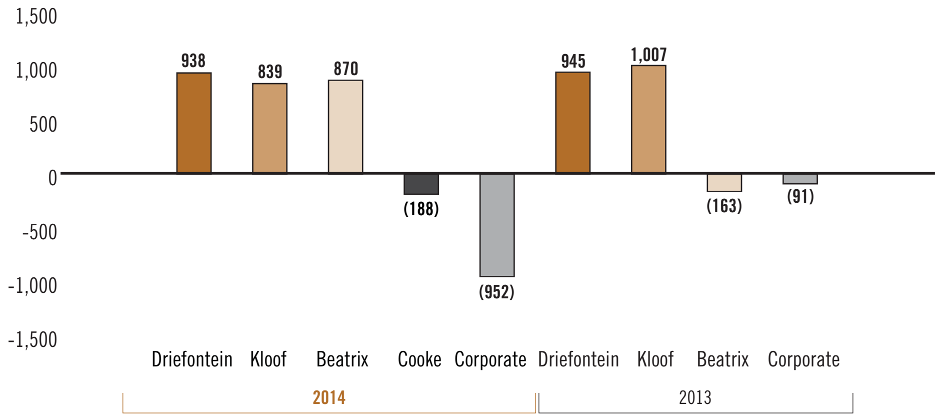
# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

## PROFIT FOR THE YEAR

As a result of the factors discussed above, the profit for 2014 is R1,507 million, compared with R1,698 million for 2013. Of this, R1,552 million (2013: R1,692 million) is attributable to the owners of Sibanye.

The following graph depicts contributions from various segments to the profit attributable to the owners of Sibanye:

**Contributions (Rm)**




## LIQUIDITY AND CAPITAL RESOURCES
### CASH FLOW ANALYSIS

Net cash utilised in 2014 amounted to R930 million compared with R1,201 million generated in 2013.

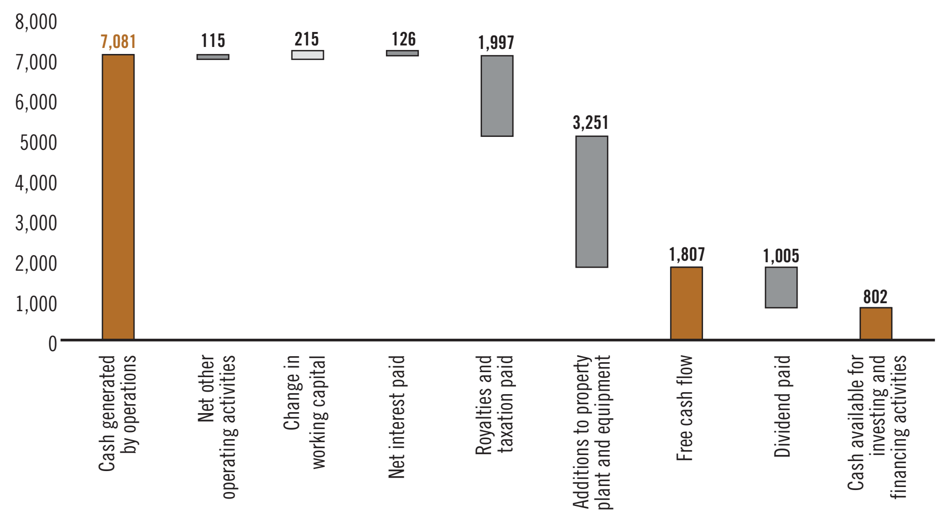
The principal factors explaining the changes in net cash flow for the year are set out in the table below:

| | 2014 | 2013 | |
|---|---|---|---|
| | R million | R million | % change |
| Cash flows from operating activities | **4,053** | 6,360 | (36) |
| Additions to property, plant and equipment | **(3,251)** | (2,902) | 12 |
| Net borrowings repaid | **(673)** | (2,220) | (70) |
| Free cash flow | **1,807** | 3,731 | (52) |

One of the most important drivers to sustain and increase shareholder value is free cash flow generation as that determines the cash available for dividends and other investing activities. Sibanye defines free cash flow as net cash from operating activities before dividends, less additions to property, plant and equipment.

The following graph details the cash movement in determining the free cash flow for 2014:

**Free cash flow analysis (Rm)**



## CASH FLOWS FROM OPERATING ACTIVITIES

Cash inflows from operating activities decreased from R6,360 million in 2013 to R4,053 million in 2014. The items contributing to the year-on-year decrease of R2,307 million were due to the factors in the table below:

| | R million |
|---|---|
| Increase in cash generated by operations mainly due to increase in gold production | 241 |
| Increase in cash-settled share-based payments paid | (163) |
| Decrease in release from working capital | (354) |
| Decrease in interest paid | 132 |
| Increase in royalties paid[1] | (401) |
| Increase in taxes paid[1] | (1,042) |
| Increase in dividends paid | (733) |
| Other | 13 |
| Decrease in cash flows from operating activities | (2,307) |

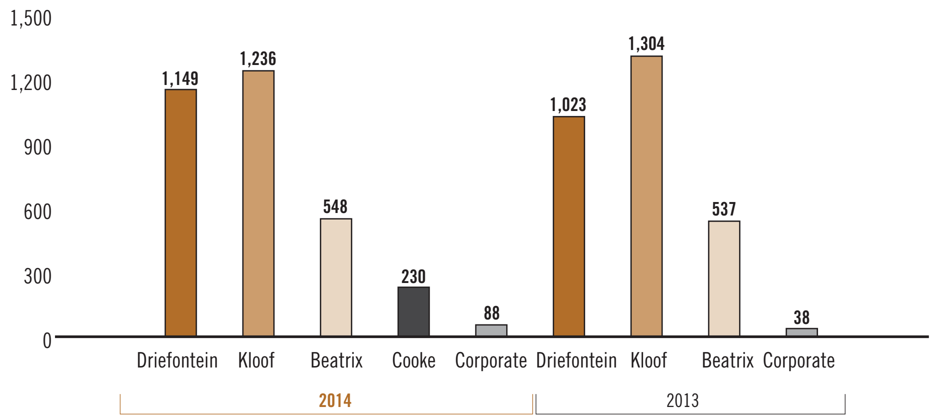
[1] *The increase in royalties, taxation and dividends paid was due to additional payments made during 2014 compared with 2013.*

## CASH FLOWS FROM INVESTING ACTIVITIES

Cash outflows from investing activities increased from R3,072 million in 2013 to R4,309 million in 2014 mainly due to an increase in capital expenditure of R349 million, the acquisitions of Wits Gold, Cooke and Burnstone for R616 million and the loan advanced to Rand Refinery of R385 million. For additional information of Sibanye's investment in Rand Refinery and the loan to Rand Refinery, see note 19: Equity-accounted investments to the consolidated financial statements.

Capital expenditure increased by 12% from R2,902 million in 2013 to R3,251 million in 2014. Capital expenditure at the individual mines is shown in the graph below:

**Capital expenditure (Rm)**



# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

### CASH FLOWS FROM FINANCING ACTIVITIES
Cash flows from financing activities resulted in an outflow of R673 million in 2014, as discussed below.

Sibanye repaid R656 million debt assumed through the acquisitions of Wits Gold and Cooke. On various dates during 2014, Sibanye made additional drawdowns of R500 million and repaid R900 million under the R4.5 billion Facilities. On 18 December 2014, Sibanye borrowed a further R385 million to fund its portion of the Rand Refinery loan, increasing its debt under the facility to just below R2.0 billion.

Cash flows from financing activities in 2013 resulted in an outflow of R2,088 million. On 1 February 2013, Gold Fields subscribed for shares in Sibanye at a subscription price of R17,246 million. Sibanye used R17,108 million of the proceeds to repay the GFL Mining Services Limited (GFLMS, a subsidiary of Gold Fields) loan.

On 18 February 2013, the date of unbundling from Gold Fields, Sibanye refinanced its long- and short-term credit facilities, which were Gold Fields group debt facilities, by drawing down R4,570 million under the Bridge Loan Facilities. During 2013 Sibanye repaid R2,570 million of the Bridge Loan Facilities and on 13 December 2013, Sibanye repaid the balance of the Bridge Loan Facilities by drawing down R2,000 million under the R4.5 billion Facilities.

### NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS
As a result of the above, net cash utilised in 2014 amounted to R930 million compared with R1,201 million generated in 2013.

Total Group cash and cash equivalents amounted to R563 million at 31 December 2014, compared with R1,492 million at 31 December 2013.

### STATEMENT OF FINANCIAL POSITION
### PROPERTY, PLANT AND EQUIPMENT
The balance of property, plant and equipment increased from R15,151 million at 31 December 2013 to R22,704 million at 31 December 2014. The primary contributors to this increase were the assets acquired on acquisition of Wits Gold, Cooke and Burnstone of R7,120 million, and the reversal of the Beatrix West Section impairment of R474 million.

### BORROWINGS
Total debt (short- and long-term) excluding R1,134 million attributable to the Burnstone project, which has no recourse to Sibanye's balance sheet, increased from R1,991 million at 31 December 2013 to R2,036 million at 31 December 2014.

At 31 December 2013, Sibanye had committed unutilised banking facilities of R2.0 billion available under the R4.5 billion Facilities.

For a description of borrowings, see note 30: Borrowings to the consolidated financial statements for the year ended 31 December 2014.

### WORKING CAPITAL AND GOING-CONCERN ASSESSMENT
The Group's current liabilities exceeded its current assets by R1,630 million as at 31 December 2014. Current liabilities at year end include the financial guarantee liability of R197 million (as detailed above) which does not reflect the true liquidity of Sibanye per se, as Sibanye believes that Gold Fields is currently in a position to meet its obligations under the Notes.

The current portion of borrowings of R554 million includes the two semi-annual repayments due and payable in June and December 2015, respectively.

Sibanye generated cash from operating activities of R4.1 billion for the year ended 31 December 2014. If the acquisition related cash outflows during the year are added back to the cash flow, the Group would have had R1.3 billion in additional cash on the statement of financial position, confirming the strong cash generating ability of the Group. Over and above this, the Group has committed unutilised debt facilities of R2.0 billion at 31 December 2014.

The Directors believe that the cash generated by its operations and the remaining balance of the Group's revolving credit facility will enable the Group to continue to meet its obligations as they fall due.

## OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL COMMITMENTS

At 31 December 2014, Sibanye had no off balance sheet items. For a description of Sibanye's contractual commitments, see the following notes to the consolidated financial statements:

| Contractual commitments | Note per the consolidated financial statements |
|---|---|
| Guarantees | 22 – Financial guarantee |
| Environmental rehabilitation obligation | 31 – Environmental rehabilitation obligation |
| Post-retirement healthcare obligation | 32 – Post-retirement healthcare obligation |
| Commercial commitments | 39 – Commitments |
| Contingent liabilities | 40 – Contingent liabilities |
| Debt | |
| – capital | 30 – Borrowings |
| – interest | 43 – Risk management activities |

These contractual commitments for expenditure, together with other expenditure and liquidity requirements, will be met from internal cash flow and, to the extent necessary, from the existing facilities

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Sibanye's significant accounting policies are fully described in the various notes to its consolidated financial statements. Some of Sibanye's accounting policies require the application of significant judgments and estimates by management that can affect the amounts reported in the consolidated financial statements.

These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the consolidated financial statements.

For Sibanye's significant accounting policies that are subject to significant judgments, estimates and assumptions, see the following notes to the consolidated financial statements:

| Significant accounting policy | Note per the consolidated financial statements |
|---|---|
| Basis of preparation | 1 – Accounting policies |
| Consolidation | 1 – Accounting policies |
| Share-based payments | 7 – Share-based payments |
| Royalties, mining and income taxation | 10 – Royalties, and mining and income taxation |
| Property, plant and equipment | 13 – Property, plant and equipment |
| Business combinations | 14 – Cooke acquisition |
| Goodwill | 17 – Goodwill |
| Equity-accounted investments | 18 – Equity accounted investments |
| Environmental rehabilitation obligation | 31 – Environmental rehabilitation obligation |
| Contingent liabilities | 40 – Contingent liabilities |

# CONSOLIDATED INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2014

| Figures in million – SA rand | Notes | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Revenue | 3 | **21,780.5** | 19,331.2 | 16,553.5 |
| Cost of sales | 4 | **(17,566.1)** | (15,077.2) | (13,186.6) |
| **Net operating profit** | | **4,214.4** | 4,254.0 | 3,366.9 |
| Investment income | 5 | **183.2** | 160.3 | 105.5 |
| Finance expense | 6 | **(400.0)** | (420.3) | (176.7) |
| Share-based payments | 7 | **(417.9)** | (305.8) | (263.5) |
| Share of results of equity–accounted investees after taxation | 19 | **(470.7)** | 51.5 | 93.1 |
| (Loss)/gain on financial instruments | | **(107.7)** | (4.6) | 13.8 |
| (Loss)/gain on foreign exchange differences | | **(63.3)** | 24.0 | 1.2 |
| Exploration and feasibility cost | | **(15.1)** | – | – |
| Other income | 8 | **155.9** | 219.3 | 247.2 |
| Other costs | | **(249.9)** | (314.9) | (368.5) |
| Impairments | 9 | **(275.1)** | (821.0) | – |
| Reversal of impairment | 13 | **474.1** | – | – |
| Profit on disposal of property, plant and equipment | | **9.5** | 5.5 | 2.4 |
| Loss on loss of control of subsidiary | 18 | **–** | (30.2) | – |
| Transaction costs | | **(111.6)** | (9.3) | – |
| Restructuring costs | | **(160.3)** | (439.4) | (124.1) |
| **Profit before royalties and taxation** | | **2,765.5** | 2,369.1 | 2,897.3 |
| Royalties | 10.1 | **(430.5)** | (414.6) | (282.1) |
| **Profit before taxation** | | **2,335.0** | 1,954.5 | 2,615.2 |
| Mining and income taxation | 10.2 | **(828.1)** | (256.2) | 365.0 |
| **Profit for the year** | | **1,506.9** | 1,698.3 | 2,980.2 |
| **Attributable to:** | | | | |
| Owners of Sibanye | | **1,551.5** | 1,692.4 | 2,979.6 |
| Non-controlling interests | | **(44.6)** | 5.9 | 0.6 |
| **Earnings per share attributable to owners of Sibanye** | | | | |
| Basic earnings per share – cents | 11.1 | **186** | 260 | 297,960,000 |
| Diluted earnings per share – cents | 11.2 | **182** | 255 | 297,960,000 |

The Group does not have other comprehensive income, therefore no statement of comprehensive income is presented.

The accompanying notes form an integral part of these consolidated financial statements.

The audited consolidated financial statements for the year ended 31 December 2014 have been prepared by the corporate accounting staff of Sibanye, headed by Pieter Henning, Vice President Corporate Finance. This process was supervised by Charl Keyter, the Group's CFO.

| Figures in million – US dollar | 2014 | 2013 | 2012 |
|---|---|---|---|
| Revenue | **2,013.0** | 2,013.7 | 2,021.2 |
| Cost of sales | **(1,623.5)** | (1,570.5) | (1,610.1) |
| **Net operating profit** | **389.5** | 443.2 | 411.1 |
| Investment income | **16.9** | 16.7 | 12.9 |
| Finance expense | **(37.0)** | (43.8) | (21.6) |
| Share-based payments | **(38.6)** | (31.9) | (32.2) |
| Share of results of equity–accounted investees after taxation | **(43.5)** | 5.4 | 11.4 |
| (Loss)/gain on financial instruments | **(10.0)** | (0.5) | 1.7 |
| (Loss)/gain on foreign exchange differences | **(5.9)** | 6.7 | 0.1 |
| Exploration and feasibility cost | **(1.4)** | – | – |
| Other income | **14.4** | 22.8 | 30.1 |
| Other costs | **(23.1)** | (32.8) | (44.9) |
| Impairments | **(25.4)** | (89.7) | – |
| Reversal of impairment | **43.8** | – | – |
| Profit on disposal of property, plant and equipment | **0.9** | 0.6 | 0.3 |
| Loss on loss of control of subsidiary | **–** | (3.1) | – |
| Transaction costs | **(10.3)** | (1.0) | – |
| Restructuring costs | **(14.8)** | (45.8) | (15.2) |
| **Profit before royalties and taxation** | **255.5** | 246.8 | 353.7 |
| Royalties | **(39.8)** | (43.2) | (34.4) |
| **Profit before taxation** | **215.7** | 203.6 | 319.3 |
| Mining and income taxation | **(76.5)** | (26.7) | 44.6 |
| **Profit for the year** | **139.2** | 176.9 | 363.9 |
| **Attributable to:** | | | |
| Owners of Sibanye | **143.3** | 176.3 | 363.8 |
| Non-controlling interests | **(4.1)** | 0.6 | 0.1 |
| **Earnings per share attributable to owners of Sibanye** | | | |
| Basic earnings per share – cents | **17** | 27 | 36,380,000 |
| Diluted earnings per share – cents | **17** | 27 | 36,380,000 |
| Average exchange rate R/US$1 | **10.82** | 9.60 | 8.19 |

The accompanying notes form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2014

| Figures in million – SA rand | Notes | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | **25,981.4** | 17,289.9 | 17,950.6 |
| Property, plant and equipment | 13 | **22,704.0** | 15,151.0 | 16,376.1 |
| Goodwill | 17 | **736.7** | – | – |
| Equity-accounted investments | 19 | **69.4** | 275.1 | 218.6 |
| Investments | 20 | **1.4** | 1.4 | 1.5 |
| Environmental rehabilitation obligation funds | 21 | **2,192.8** | 1,588.1 | 1,331.1 |
| Financial guarantee asset | 22 | **225.5** | 238.5 | – |
| Deferred taxation | 29 | **51.6** | 35.8 | 23.3 |
| **Current assets** | | **1,940.5** | 2,705.0 | 1,747.1 |
| Inventories | 23 | **327.7** | 187.1 | 348.9 |
| Trade and other receivables | 24 | **992.8** | 973.8 | 558.3 |
| Current portion of financial guarantee asset | 22 | **57.1** | 51.7 | – |
| Related-party receivables | 25 | **–** | – | 548.1 |
| Cash and cash equivalents | 26 | **562.9** | 1,492.4 | 291.8 |
| **Total assets** | | **27,921.9** | 19,994.9 | 19,697.7 |
| **EQUITY AND LIABILITIES** | | | | |
| Equity attributable to owners of the parent | | **14,656.3** | 9,421.2 | (9,668.1) |
| Stated share capital [1] | | **21,734.6** | 17,245.8 | – |
| Other reserves | | **2,819.1** | 2,643.3 | 2,429.9 |
| Accumulated loss | | **(9,897.4)** | (10,467.9) | (12,098.0) |
| Non-controlling interest | 28 | **329.6** | 2.2 | (4.6) |
| **Total equity** | | **14,985.9** | 9,423.4 | (9,672.7) |
| **Non-current liabilities** | | **9,365.4** | 6,980.0 | 7,942.3 |
| Deferred taxation | 29 | **3,869.3** | 3,735.4 | 4,185.5 |
| Borrowings | 30 | **2,615.8** | 1,491.4 | 2,000.0 |
| Environmental rehabilitation obligation | 31 | **2,486.8** | 1,660.7 | 1,739.1 |
| Post-retirement healthcare obligation | 32 | **15.1** | 16.3 | 17.7 |
| Share-based payment obligations | 7 | **378.4** | 76.2 | – |
| **Current liabilities** | | **3,570.6** | 3,591.5 | 21,428.1 |
| Trade and other payables | 33 | **2,714.6** | 2,073.0 | 1,769.6 |
| Financial guarantee liability | 22 | **197.0** | 206.6 | 196.4 |
| Taxation and royalties payable | | **84.0** | 767.2 | 96.6 |
| Current portion of borrowings | 30 | **554.2** | 499.5 | 2,220.0 |
| Current portion of share-based payment obligations | 7 | **20.8** | 45.2 | – |
| Related-party payables | 34 | **–** | – | 17,145.5 |
| **Total equity and liabilities** | | **27,921.9** | 19,994.9 | 19,697.7 |

[1] *Stated share capital as at 31 December 2012 is a nominal amount of R1,000 (US$157) and shown as zero due to rounding.*

The accompanying notes form an integral part of these consolidated financial statements.

| Figures in million – US dollar | 2014 | 2013 | 2012 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | **2,247.5** | 1,672.2 | 2,094.7 |
| Property, plant and equipment | **1,964.0** | 1,465.3 | 1,911.0 |
| Goodwill | **63.7** | – | – |
| Equity-accounted investments | **6.0** | 26.6 | 25.5 |
| Investments | **0.1** | 0.1 | 0.2 |
| Environmental rehabilitation obligation funds | **189.7** | 153.6 | 155.3 |
| Financial guarantee asset | **19.5** | 23.1 | – |
| Deferred taxation | **4.5** | 3.5 | 2.7 |
| **Current assets** | **167.8** | 261.7 | 203.9 |
| Inventories | **28.3** | 18.1 | 40.7 |
| Trade and other receivables | **85.9** | 94.3 | 65.2 |
| Current portion of financial guarantee asset | **4.9** | 5.0 | – |
| Related-party receivables | **–** | – | 64.0 |
| Cash and cash equivalents | **48.7** | 144.3 | 34.0 |
| **Total assets** | **2,415.3** | 1,933.9 | 2,298.6 |
| **EQUITY AND LIABILITIES** | | | |
| Equity attributable to owners of the parent | **1,267.8** | 911.2 | (1,128.1) |
| Stated share capital [1] | **2,388.6** | 1,955.3 | – |
| Other reserves | **550.2** | 678,8 | 767.6 |
| Accumulated loss | **(1,671.0)** | (1,722.9) | (1,895.7) |
| Non-controlling interest | **28.5** | 0.2 | (0.5) |
| **Total equity** | **1,296.3** | 911.4 | (1,128.6) |
| **Non-current liabilities** | **810.2** | 675.1 | 926.9 |
| Deferred taxation | **334.8** | 361.3 | 488.4 |
| Borrowings | **226.3** | 144.2 | 233.5 |
| Environmental rehabilitation obligation | **215.1** | 160.6 | 202.9 |
| Post-retirement healthcare obligation | **1.3** | 1.6 | 2.1 |
| Share-based payment obligations | **32.7** | 7.4 | – |
| **Current liabilities** | **308.8** | 347.4 | 2,500.3 |
| Trade and other payables | **234.8** | 200.5 | 206.6 |
| Financial guarantee liability | **17.0** | 20.0 | 22.8 |
| Taxation and royalties payable | **7.3** | 74.2 | 11.2 |
| Current portion of borrowings | **47.9** | 48.3 | 259.0 |
| Current portion of share-based payment obligations | **1.8** | 4.4 | – |
| Related-party payables | **–** | – | 2,000.7 |
| **Total equity and liabilities** | **2,415.3** | 1,933.9 | 2,298.6 |
| Closing exchange rate R/US$1 | **11.56** | 10.34 | 8.57 |

[1] *Stated share capital as at 31 December 2012 is a nominal amount of R1,000 (US$157) and shown as zero due to rounding.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2014

| Figures in million – SA rand | Stated share capital [1] (Note 27) | Share-based payment reserve (Note 7) | Accumulated loss | Equity attributable to owners of Sibanye | Non-controlling interest (Note 28) | Total equity |
|---|---|---|---|---|---|---|
| Balance at 31 December 2011 | – | 2,166.4 | (14,136.1) | **(11,969.7)** | (5.9) | **(11,975.6)** |
| Total comprehensive income for the year | – | – | 2,979.6 | **2,979.6** | 0.6 | **2,980.2** |
| Profit for the year | – | – | 2,979.6 | **2,979.6** | 0.6 | **2,980.2** |
| Other comprehensive income | – | – | – | **–** | – | **–** |
| Share-based payments | – | 263.5 | – | **263.5** | – | **263.5** |
| Dividends paid | – | – | (731.3) | **(731.3)** | – | **(731.3)** |
| Transaction with non-controlling interests | – | – | – | **–** | 0.7 | **0.7** |
| Transaction with shareholder | – | – | (210.2) | **(210.2)** | – | **(210.2)** |
| **Balance at 31 December 2012** | **–** | **2,429.9** | **(12,098.0)** | **(9,668.1)** | **(4.6)** | **(9,672.7)** |
| Total comprehensive income for the year | – | – | 1,692.4 | **1,692.4** | 5.9 | **1,698.3** |
| Profit for the year | – | – | 1,692.4 | **1,692.4** | 5.9 | **1,698.3** |
| Other comprehensive income | – | – | – | **–** | – | **–** |
| Share-based payments | – | 213.4 | – | **213.4** | – | **213.4** |
| Share subscription | 17,245.8 | – | – | **17,245.8** | – | **17,245.8** |
| Dividends paid | – | – | (271.9) | **(271.9)** | – | **(271.9)** |
| Transaction with non-controlling interests | – | – | – | **–** | 3.0 | **3.0** |
| Loss of control of subsidiary (refer note 18) | – | – | – | **–** | (2.1) | **(2.1)** |
| Transaction with shareholder | – | – | 209.6 | **209.6** | – | **209.6** |
| **Balance at 31 December 2013** | **17,245.8** | **2,643.3** | **(10,467.9)** | **9,421.2** | **2.2** | **9,423.4** |
| Total comprehensive income for the year | – | – | 1,551.5 | **1,551.5** | (44.6) | **1,506.9** |
| Profit/(loss) for the year | – | – | 1,551.5 | **1,551.5** | (44.6) | **1,506.9** |
| Other comprehensive income | – | – | – | **–** | – | **–** |
| Share-based payments | – | 175.8 | – | **175.8** | – | **175.8** |
| Shares issued (refer to note 14) | 4,488.8 | – | – | **4,488.8** | – | **4,488.8** |
| Acquisition of subsidiary with non-controlling interest (refer to note 14) | – | – | – | **–** | 396.2 | **396.2** |
| Dividends paid | – | – | (1,005.2) | **(1,005.2)** | – | **(1,005.2)** |
| Transaction with non-controlling interests | – | – | 24.2 | **24.2** | (24.2) | **–** |
| **Balance at 31 December 2014** | **21,734.6** | **2,819.1** | **(9,897.4)** | **14,656.3** | **329.6** | **14,985.9** |

*[1] Stated share capital as at 31 December 2012 is a nominal amount of 1,000 shares of R1,000 (US$157) and shown as zero due to rounding.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2014

| Figures in million – SA rand | Notes | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Cash generated by operations | 35 | **7,081.4** | 6,840.0 | 5,477.4 |
| Post-retirement health care payments | | **(2.4)** | (2.7) | (1.2) |
| Cash-settled share-based payments paid | 7 | **(166.6)** | (3.9) | – |
| Change in working capital | 36 | **214.5** | 568.7 | (648.0) |
| **Cash generated from operating activities** | | **7,126.9** | 7,402.1 | 4,828.2 |
| Interest received | | **68.5** | 63.3 | 35.3 |
| Interest paid | | **(194.0)** | (326.3) | (116.9) |
| Guarantee fees received | 22.1 | **53.6** | 47.0 | – |
| Royalties paid | 37 | **(650.1)** | (249.0) | (413.7) |
| Taxation paid | 38 | **(1,347.1)** | (304.8) | (980.4) |
| Dividends paid | 12 | **(1,005.2)** | (271.9) | (731.3) |
| **Net cash from operating activities** | | **4,052.6** | 6,360.4 | 2,621.2 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Additions to property, plant and equipment | 13 | **(3,250.8)** | (2,901.5) | (3,106.9) |
| Proceeds on disposal of property, plant and equipment | | **22.6** | 6.9 | 5.2 |
| Contributions to environmental rehabilitation obligation funds | | **(69.3)** | (172.3) | (24.3) |
| Payment of environmental rehabilitation obligation | | **(10.9)** | (10.5) | – |
| Investment in subsidiary | 15 | **(415.3)** | – | – |
| Loans granted to subsidiary prior to acquisition | 14, 16 | **(238.6)** | – | – |
| Cash acquired on acquisition of subsidiaries | 14, 15, 16 | **38.1** | – | – |
| Loan advanced to equity-accounted investee | 19 | **(384.6)** | – | – |
| Cash flow on loss of control of subsidiary | 18 | **–** | 5.9 | – |
| **Net cash used in investing activities** | | **(4,308.8)** | (3,071.5) | (3,126.0) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from shares issued on unbundling | | **–** | 17,245.8 | – |
| Loans repaid | 30 | **(2,296.9)** | (9,840.0) | – |
| Loans raised | 30 | **1,623.6** | 7,620.0 | 4,220.0 |
| Related-party loans repaid | | **–** | (17,108.0) | (4,272.4) |
| Related-party loans raised | | **–** | – | 486.2 |
| Financing costs capitalised | | **–** | (9.1) | – |
| Proceeds on shares issued to non-controlling interests | | **–** | 3.0 | – |
| **Net cash (used in)/flows from financing activities** | | **(673.3)** | (2,088.3) | 433.8 |
| Net (decrease)/increase in cash and cash equivalents | | **(929.5)** | 1,200.6 | (71.0) |
| Cash and cash equivalents at the beginning of the year | | **1,492.4** | 291.8 | 362.8 |
| **Cash and cash equivalents at the end of the year** | 26 | **562.9** | 1,492.4 | 291.8 |

The accompanying notes form an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**

## 1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Where an accounting policy is specific to a note, the policy is described in the note which it relates to. These policies have been consistently applied to all the periods presented, except for the adoption of new and revised standards and interpretations.

### 1.1 REPORTING ENTITY

Sibanye Gold Limited (Sibanye or the Company) is a South African focused gold producer, listed on the Main Board of the JSE Limited (JSE) and New York Stock Exchange (NYSE), following the unbundling by Gold Fields Limited (Gold Fields), of its wholly owned subsidiary, Sibanye on 18 February 2013 (the Unbundling date). Sibanye's principal operations are Driefontein, Kloof, Beatrix and Cooke as well as a number of service company subsidiaries, collectively referred to as the Group.

On 1 February 2013, Gold Fields subscribed for a further 731,647,614 shares in Sibanye at a subscription price of R17,246 million. Sibanye used R17,108 million of the proceeds to repay the GFL Mining Services Limited (GFLMS) loan.

Sibanye began trading on 11 February 2013 on the JSE and the NYSE. The entire issued share capital of Sibanye was unbundled to existing Gold Fields shareholders on 18 February 2013, by way of a distribution in specie in accordance with section 46 of the Companies Act, section 46 of the Income Tax Act and the JSE Listings Requirements. The Sibanye shares were unbundled in a ratio of 1:1 with Gold Fields shares and resulted in Gold Fields's shareholders holding two separate shares; a Sibanye share as well as their original Gold Fields share. Subsequent to the unbundling Sibanye is an independent, publicly traded company with a new board of directors and management.

### 1.2 BASIS OF PREPARATION

The financial statements of the Group have been prepared on a going concern basis in accordance with IFRS, as issued by the International Accounting Standards Board, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and JSE Listing requirements. The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments), which are measured at fair value through profit or loss or through the fair value adjustment reserve in equity.

**Standards, interpretations and amendments to published standards effective for the year ended 31 December 2014**

During the financial year, the following new and revised accounting standards and amendments to standards became effective and had no impact on the Group's financial statements:

| Pronouncement | Title | Effective date: |
|---|---|---|
| **IAS 39** (Amendment) | Novation of Derivatives and Continuation of Hedge Accounting | 1 January 2014 |

During the financial year, the following new and revised accounting standards and amendments to standards became effective and had an impact on the Group's financial statements:

| Pronouncement | Title | Effective date: |
|---|---|---|
| **IAS 32** (Amendment) | *Offsetting Financial Assets and Financial Liabilities*<br>The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:<br>• Not contingent on a future event; and<br>• Enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.<br>*The impacts have been incorporated in the notes to the financial statements.* | 1 January 2014 |
| **IAS 36** (Amendment) | *Recoverable Amount Disclosures for Non-Financial Assets*<br>The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.<br>*The impacts have been incorporated in the notes to the financial statements.* | 1 January 2014 |

**Standards, interpretations and amendments to published standards which are not yet effective**

Certain new standards, amendments and interpretations to existing standards have been published that apply to the Group's accounting periods beginning on or after 1 January 2014 but have not been early adopted by the Group. Other than disclosure, the impact of these standards is not expected to be significant. The standards, amendments and interpretations that are applicable to the Group are:

| Pronouncement | Title | Effective date: |
|---|---|---|
| **IFRS 9** (New standard) | *Financial Instruments*<br>IFRS 9 arises from a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. | 1 January 2018 |
| **Amendments to IFRS 10 and IAS 28** | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*<br>The amendments address a conflict between the requirements of IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements, and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. | 1 January 2016 |
| **IFRS 11** (Amendment) | *Accounting for Acquisitions of Interests in Joint Operations*<br>The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions. | 1 January 2016 |
| **IFRS 15** (New standard) | *Revenue from Contracts with Customers*<br>IFRS 15 replaces IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. | 1 January 2017 |
| **IAS 1** (Amendment) | *Disclosure Initiative*<br>The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. | 1 January 2016 |
| **Amendments to IAS 16 and IAS 38** | *Clarification of Acceptable Methods of Depreciation and Amortisation*<br>The amendments clarify the basis for the calculation of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of the asset. | 1 January 2016 |
| **IAS 19** (Amendment) | *Defined Benefit Plans: Employee Contributions*<br>The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expediency if they are:<br>• set out in the formal terms of the plan;<br>• linked to service; and<br>• independent of the number of years of service. | 1 July 2014 |
| **Amendments to 6 standards** | Improvements to IFRSs 2010-2012 Cycle | 1 July 2014 |
| **Amendments to 4 standards** | Improvements to IFRSs 2011-2013 Cycle | 1 July 2014 |
| **Amendments to 4 standards** | Improvements to IFRSs 2012-2014 Cycle | 1 January 2016 |

** Effective date refers to annual period beginning on or after said date*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

## 1. ACCOUNTING POLICIES (continued)

### 1.2 BASIS OF PREPARATION (continued)

**Significant accounting judgements and estimates**

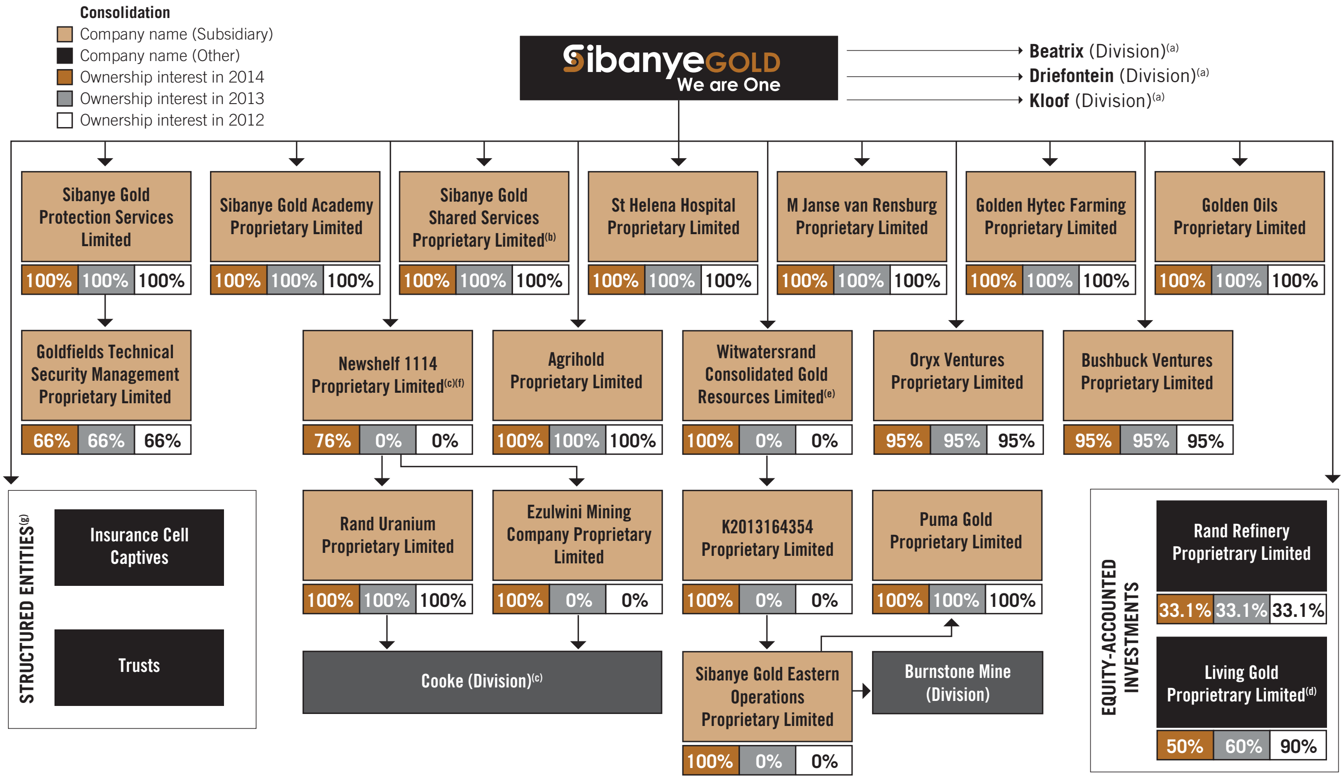
Use of estimates: The preparation of the financial statements requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to Mineral Reserves that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations; environmental, reclamation and closure obligations; asset impairments, reversal of impairments, write-downs of inventory to net realisable value; the fair value and accounting treatment of derivative financial instruments and deferred taxation.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed under the relevant note of the item affected.

### 1.3 CONSOLIDATION



(a) Beatrix, Driefontein and Kloof are divisions of Sibanye and not separate legal entities. These are also three of the Group's operating segments, refer to note 2.

(b) Sibanye has ceded and pledged its shares in Sibanye Gold Shared Services Proprietary Limited (Shared Services) and Newshelf 1114 Proprietary Limited (Newshelf 1114) in favour of the lenders of the R4.5 billion Facilities as security, refer to note 30(a).

(c) Rand Uranium Proprietary Limited (Rand Uranium) and Ezulwini Mining Company Proprietary Limited (Ezulwini) together own a number of underground and surface mining operations. These operations are reported to and managed by the Group's chief operating decision maker (the Executive Committee) as a separate segment, the Cooke Operations. Refer to note 14 for further details relating to acquisition of the Newshelf 1114 group on 15 May 2014.

(d) Although the Group owns 50% of Living Gold Proprietary Limited (Living Gold), the management of Living Gold have control of the entity in terms of IFRS 10, refer to note 18.

(e) Witwatersrand Consolidated Gold Resources Limited (Wits Gold) has ceded and pledged its shares in K2013164354 Proprietary Limited (K2013) (a dormant entity) and K2013 has ceded and pledged it shares in Sibanye Gold Eastern Operations Proprietary Limited (SGEO) in favour of the lenders of the Burnstone Debt (refer to note 30(c)).

(f) After the acquisition of the Newshelf 1114 group, the R396.2 million non-controlling interests in the statement of changes in equity relates to the non-controlling interest at acquisition of the Newshelf 1114 group (refer to note 14) and the attributable share of accumulated profits of Goldfields Technical Security Management Proprietary Limited (refer to note 28).

(g) The group has no current or contractual obligation to provide financial support to any of its structured entities.

**Subsidiaries**

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is obtained by the Group until the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Structured entities**

Structured entities are those entities that have been designed so that voting (or similar) rights are not the dominant factor in deciding who controls the entity. Structured entities controlled by the Group are consolidated.

**Transactions with shareholders of Sibanye**

Transactions with owners in the capacity as equity participants are not recognised in profit or loss, but instead are recognised in equity with a corresponding change in assets or liabilities.

## 1.4 FOREIGN CURRENCIES

**Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand, which is the Group's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Translation differences on available-for-sale equities are included in equity.

**Additional US dollar information**

The translation of the Group's consolidated income statement and statement of financial position into US dollar is based on the average exchange rate for the year for the income statement and the year-end closing exchange rate for statement of financial position items. Exchange differences on translation are accounted for in equity.

This information is provided as supplementary information only.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

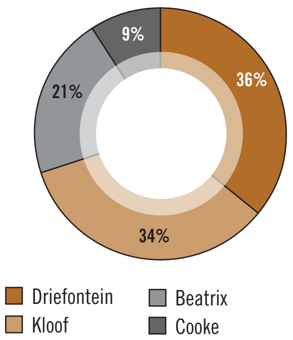
**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 2. SEGMENT REPORTING

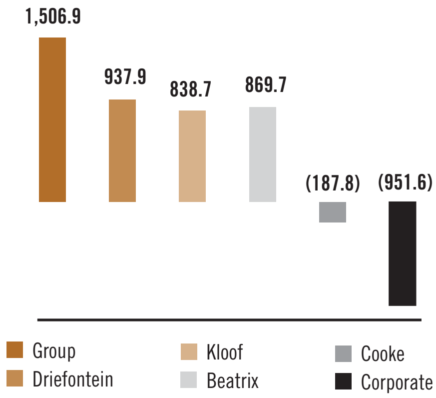
**Accounting policy**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and is based on individual mining operations. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

**Revenue Rm**




**Profit for the year Rm**




| Figures in million – SA rand | Group | Driefontein | Kloof | Beatrix | Cooke [1] | Corporate [2] |
|---|---|---|---|---|---|---|
| **31 December 2014** | | | | | | |
| **Revenue** | **21,780.5** | 7,829.4 | 7,502.8 | 4,566.3 | 1,882.0 | – |
| Underground revenue | **19,908.7** | 7,200.2 | 6,887.3 | 4,228.8 | 1,592.4 | – |
| Surface revenue | **1,871.8** | 629.2 | 615.5 | 337.5 | 289.6 | – |
| **Operating costs [3]** | **(14,311.4)** | (4,912.3) | (4,502.3) | (3,204.0) | (1,692.8) | – |
| Underground operating costs | **(13,032.3)** | (4,427.6) | (4,087.0) | (3,052.1) | (1,465.5) | – |
| Surface operating costs | **(1,279.2)** | (484.7) | (415.3) | (151.9) | (227.3) | – |
| **Operating profit [3]** | **7,469.1** | 2,917.1 | 3,000.5 | 1,362.3 | 189.2 | – |
| Amortisation and depreciation | **(3,254.7)** | (1,129.3) | (1,322.3) | (468.4) | (308.3) | (26.4) |
| **Net operating profit** | **4,214.4** | 1,787.8 | 1,678.2 | 893.9 | (119.1) | (26.4) |
| Investment income | **183.2** | 48.3 | 42.7 | 24.5 | 14.7 | 53.0 |
| Finance expense | **(400.0)** | (152.8) | (132.6) | (41.8) | (56.5) | (16.3) |
| Share-based payments | **(417.9)** | (69.1) | (58.2) | (45.9) | – | (244.7) |
| Exploration and feasibility costs | **(15.1)** | – | – | (9.4) | (5.1) | (0.6) |
| Net other costs [4] | **(735.7)** | (86.3) | (56.6) | (56.5) | (5.8) | (530.5) |
| Non-recurring items [5] | **(63.4)** | (95.1) | (152.0) | 469.4 | (17.9) | (267.8) |
| Royalties | **(430.5)** | (165.5) | (174.5) | (82.1) | (8.4) | – |
| Current taxation | **(879.2)** | (339.2) | (379.6) | (153.9) | – | (6.5) |
| Deferred taxation | **51.1** | 9.8 | 71.3 | (128.5) | 10.3 | 88.2 |
| **Profit for the year** | **1,506.9** | 937.9 | 838.7 | 869.7 | (187.8) | (951.6) |
| **Attributable to:** | | | | | | |
| Owners of the parent | **1,551.5** | 937.9 | 838.7 | 869.7 | (143.2) | (951.6) |
| Non-controlling interest holders | **(44.6)** | – | – | – | (44.6) | – |
| Sustaining capital expenditure | **974.6** | 465.3 | 355.7 | 101.9 | 51.7 | – |
| Ore reserve development | **2,126.5** | 683.6 | 879.8 | 446.1 | 117.0 | – |
| Projects | **132.8** | – | – | – | 61.2 | 71.6 |
| Other | **16.9** | – | – | – | – | 16.9 |
| **Total capital expenditure** | **3,250.8** | 1,148.9 | 1,235.5 | 548.0 | 229.9 | 88.5 |

*Figures may not add as they are rounded independently.*

*[1] Cooke's performance is for the seven months ended 31 December 2014, as it was only acquired on 15 May 2014, refer to note 14.*

*[2] Corporate represents the items to reconcile segment data to consolidated financial statement totals. This does not represent a separate segment as it does not generate mining revenue.*

*[3] Operating costs is defined as cost of sales excluding amortisation and depreciation. Operating profit is defined as revenue minus operating costs.*

*[4] Net other costs consists of (loss)/gain on financial instruments; (loss)/gain on foreign exchange differences; other income and other costs as detailed in the income statement. Corporate net other costs includes the share of results of equity-accounted investees after taxation as detailed on the income statement.*

*[5] Non-recurring items consists of impairment; reversal of impairment; profit on disposal of property, plant and equipment; loss on loss of control of subsidiary; transaction costs and restructuring costs as detailed in the income statement.*

| Figures in million – SA rand | Group | Driefontein | Kloof | Beatrix | Corporate [1] |
|---|---|---|---|---|---|
| **31 December 2013** | | | | | |
| **Revenue** | **19,331.2** | 8,162.7 | 6,954.4 | 4,214.1 | – |
| Underground revenue | **17,663.6** | 7,354.6 | 6,323.4 | 3,985.6 | – |
| Surface revenue | **1,667.6** | 808.1 | 631.0 | 228.5 | – |
| **Operating costs [2]** | **(11,973.3)** | (4,881.2) | (4,100.7) | (2,991.4) | – |
| Underground operating costs | **(11,030.5)** | (4,421.9) | (3,762.1) | (2,846.5) | – |
| Surface operating costs | **(942.8)** | (459.3) | (338.6) | (144.9) | – |
| **Operating profit [2]** | **7,357.9** | 3,281.5 | 2,853.7 | 1,222.7 | – |
| Amortisation and depreciation | **(3,103.9)** | (1,458.0) | (1,096.5) | (528.1) | (21.3) |
| **Net operating profit** | **4,254.0** | 1,823.5 | 1,757.2 | 694.6 | (21.3) |
| Investment income | **160.3** | 55.0 | 47.4 | 27.5 | 30.4 |
| Finance expense | **(420.3)** | (193.6) | (152.3) | (72.8) | (1.6) |
| Share-based payments | **(305.8)** | (61.1) | (47.2) | (41.8) | (155.7) |
| Net other costs [3] | **(24.7)** | (67.0) | (70.5) | (40.4) | 153.2 |
| Non-recurring items [4] | **(1,294.4)** | (159.5) | (125.6) | (900.1) | (109.2) |
| Royalties | **(414.6)** | (198.3) | (147.1) | (69.2) | – |
| Current taxation | **(809.8)** | (427.7) | (273.5) | (97.5) | (11.1) |
| Deferred taxation | **553.6** | 174.0 | 18.3 | 336.3 | 25.0 |
| **Profit for the year** | **1,698.3** | 945.3 | 1,006.7 | (163.4) | (90.3) |
| **Attributable to:** | | | | | |
| Owners of the parent | **1,692.4** | 945.3 | 1,006.7 | (163.4) | (96.2) |
| Non-controlling interest holders | **5.9** | – | – | – | 5.9 |
| Sustaining capital expenditure | **1,018.5** | 320.2 | 459.8 | 200.6 | 37.9 |
| Ore reserve development | **1,883.0** | 702.8 | 843.8 | 336.4 | – |
| **Total capital expenditure** | **2,901.5** | 1,023.0 | 1,303.6 | 537.0 | 37.9 |

*Figures may not add as they are rounded independently.*

*[1] Corporate represents the items to reconcile segment data to consolidated financial statement totals. This does not represent a separate segment as it does not generate mining revenue.*

*[2] Operating costs is defined as cost of sales excluding amortisation and depreciation. Operating profit is defined as revenue minus operating costs.*

*[3] Net other costs consists of (loss)/gain on financial instruments; (loss)/gain on foreign exchange differences; other income and other costs as detailed in the income statement. Corporate net other costs includes the share of results of equity-accounted investees after taxation as detailed on the income statement.*

*[4] Non-recurring items consists of impairment; reversal of impairment; profit on disposal of property, plant and equipment; loss on loss of control of subsidiary; transaction costs and restructuring costs as detailed in the income statement.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 2. SEGMENT REPORTING (continued)

| Figures in million – SA rand | Group | Driefontein | Kloof | Beatrix | Corporate [1] |
|---|---|---|---|---|---|
| **31 December 2012** | | | | | |
| Revenue | **16,553.5** | 5,946.6 | 6,693.9 | 3,913.0 | – |
| Underground revenue | **14,661.1** | 4,842.9 | 6,046.8 | 3,771.4 | – |
| Surface revenue | **1,892.4** | 1,103.7 | 647.1 | 141.6 | – |
| **Operating costs** [2] | **(10,823.8)** | (4,302.4) | (3,899.0) | (2,622.4) | – |
| Underground operating costs | **(9,999.4)** | (3,891.1) | (3,567.2) | (2,541.1) | – |
| Surface operating costs | **(824.4)** | (411.3) | (331.8) | (81.3) | – |
| **Operating profit** [2] | **5,729.7** | 1,644.2 | 2,794.9 | 1,290.6 | – |
| Amortisation and depreciation | **(2,362.8)** | (986.5) | (726.4) | (631.8) | (18.1) |
| **Net operating profit** | **3,366.9** | 657.7 | 2,068.5 | 658.8 | (18.1) |
| Investment income | **105.5** | 38.2 | 36.8 | 19.3 | 11.2 |
| Finance expense | **(176.7)** | (63.0) | (78.5) | (29.9) | (5.3) |
| Share-based payments | **(263.5)** | (72.1) | (43.5) | (42.3) | (105.6) |
| Net other costs [3] | **15.5** | (53.6) | (65.1) | (30.3) | 164.5 |
| Non-recurring items [4] | **(150.4)** | (84.3) | (58.4) | (8.0) | 0.3 |
| Royalties | **(282.1)** | (66.2) | (145.3) | (70.5) | – |
| Current taxation | **(474.8)** | (22.6) | (306.3) | (121.5) | (24.4) |
| Deferred taxation | **839.8** | 377.3 | 207.4 | 238.2 | 16.9 |
| **Profit for the year** | **2,980.2** | 711.4 | 1,615.6 | 613.8 | 39.5 |
| **Attributable to:** | | | | | |
| Owners of the parent | **2,979.6** | 711.4 | 1,615.6 | 613.8 | 38.9 |
| Non-controlling interest holders | **0.6** | – | – | – | 0.6 |
| Sustaining capital expenditure | **979.0** | 241.3 | 504.5 | 210.7 | 22.5 |
| Ore reserve development | **2,127.9** | 849.6 | 830.8 | 447.5 | – |
| Total capital expenditure | **3,106.9** | 1,090.9 | 1,335.3 | 658.2 | 22.5 |

*Figures may not add as they are rounded independently.*

*[1] Corporate represents the items to reconcile segment data to consolidated financial statement totals. This does not represent a separate segment as it does not generate mining revenue.*

*[2] Operating costs is defined as cost of sales excluding amortisation and depreciation. Operating profit is defined as revenue minus operating costs.*

*[3] Net other costs consists of (loss)/gain on financial instruments; (loss)/gain on foreign exchange differences; other income and other costs as detailed in the income statement. Corporate net other costs includes the share of results of equity-accounted investees after taxation as detailed on the income statement.*

*[4] Non-recurring items consists of impairment; reversal of impairment; profit on disposal of property, plant and equipment; loss on loss of control of subsidiary; transaction costs and restructuring costs as detailed in the income statement.*

## 3. REVENUE

**Accounting policy**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured.

Revenue arising from gold sales is recognised at the fair value of the consideration received or receivable, once the significant risks and rewards of ownership have passed to the buyer. These criteria are typically met when the gold is delivered to the refinery. The price of gold is determined by market forces.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Revenue from mining activities | **21,780.5** | 19,331.2 | 16,553.5 |
| **Total revenue** | **21,780.5** | 19,331.2 | 16,553.5 |

## 4. COST OF SALES

**Accounting policy**

The following accounting policies relates to costs that are included in cost of sales:

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

*Pension and provident funds*

The Group operates a defined contribution retirement plan and contributes to a number of industry-based defined contribution retirement plans. The retirement plans are funded by payments from employees and Group companies.

Contributions to defined contribution funds are expensed as incurred.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Salaries and wages | **(6,664.9)** | (6,155.9) | (5,790.8) |
| Consumable stores | **(3,480.4)** | (2,720.7) | (2,576.2) |
| Utilities | **(2,753.3)** | (2,315.4) | (2,115.2) |
| Mine contracts | **(1,136.4)** | (928.2) | (936.5) |
| Other | **(2,402.9)** | (1,736.1) | (1,533.0) |
| Ore reserve development costs capitalised [1] | **2,126.5** | 1,883.0 | 2,127.9 |
| **Operating costs** | **(14,311.4)** | (11,973.3) | (10,823.8) |
| Amortisation and depreciation | **(3,254.7)** | (3,103.9) | (2,362.8) |
| **Total cost of sales** | **(17,566.1)** | (15,077.2) | (13,186.6) |

[1] *Ore Reserve Development (ORD) costs are capitalised and amortised over the period that the Group expects to consume the economic benefits relating to the ORD. ORD is all off-reef development that allows access to reserves that are economically recoverable in the future. ORD includes, but is not limited to, crosscuts, footwalls, return airways and box holes.*

All employees are members of various defined contribution retirement plans. The cost of providing retirement benefits for the year amounted to R558.5 million (2013: R548.6 million and 2012: R514.7 million).

## 5. INVESTMENT INCOME

**Accounting policy**

Investment income comprises interest income on funds invested; unwinding of the financial guarantee asset and dividend income from listed and unlisted investments.

Interest income is recognised on a time proportion basis taking account of the principal outstanding and the effective interest method over the period to maturity.

Cash flows from dividends and interest received are classified under operating activities in the statement of cash flows.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| *Interest income on:* | | | |
| Environmental rehabilitation obligation funds | **98.5** | 84.7 | 70.2 |
| Cash balances | **68.5** | 63.3 | 35.3 |
| Financial guarantee asset | **15.0** | 12.3 | – |
| Loan to Rand Refinery (refer to note 19) | **1.2** | – | – |
| **Total investment income** | **183.2** | 160.3 | 105.5 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 6. FINANCE EXPENSE

**Accounting policy**
Finance expense comprises interest on borrowings; post-retirement healthcare obligation and environmental rehabilitation obligation offset by borrowing costs capitalised on qualifying assets.

Interest payable on borrowings is recognised in the income statement over the term of the borrowings using the effective interest method.

Cash flows from interest paid are classified under operating activities in the statement of cash flows.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| *Interest charge on:* | | | |
| Borrowings – interest paid | **(187.7)** | (319.4) | (114.2) |
| Borrowings – unwinding of amortised cost | **(43.3)** | – | – |
| Environmental rehabilitation obligation | **(161.5)** | (92.7) | (57.7) |
| Post-retirement healthcare obligation | **(1.2)** | (1.3) | (2.1) |
| Other | **(6.3)** | (6.9) | (2.7) |
| **Total finance expense** | **(400.0)** | (420.3) | (176.7) |

## 7. SHARE-BASED PAYMENTS

**Significant accounting judgements and estimates**
*Equity-settled share-based payments*
The Group issues equity-settled share-based payments to certain employees. These instruments are measured at fair value at grant date, using the Monte Carlo simulation valuation model, which requires assumptions regarding the estimated term of the option, share price volatility and expected dividend yield. While Sibanye's management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the option grant and the related recognition of share-based compensation expense in the consolidated income statement. Sibanye's options have characteristics significantly different from those of traded options and therefore fair values may also differ.

*Cash-settled share-based payments*
The Group also issues cash-settled share-based payments to certain employees which are valued on the same assumptions as those used for the equity-settled instruments mentioned above. In addition to the expense of these cash-settled instruments, the share-based payment obligation of these instruments is valued at the fair value of the instruments at year end. This fair value adjustment also takes into account the potential vesting percentage of the cash-settled instruments, based on the actual ranking of the Company versus the peer group at the reporting date and management's assessment of the possibility to maintain that ranking at the vesting date.

**Accounting policy**
The Group operates an equity-settled compensation plan in which certain employees of the Group participate. The fair value of the equity-settled instruments is measured by reference to the fair value of the equity instrument granted.

Fair value is based on market prices of the equity-settled instruments granted, if available, taking into account the terms and conditions upon which those equity-settled instruments were granted. Fair value of equity-settled instruments granted is estimated using appropriate valuation models and appropriate assumptions at the grant date. Non-market vesting conditions (service period prior to vesting) are not taken into account when estimating the fair value of the equity-settled instruments at grant date. Market conditions are taken into account in determining the fair value at grant date.

The grant date fair value of the equity-settled instruments is recognised as an employee benefit expense over the vesting period based on the Group's estimate of the number of instruments that will eventually vest, with a corresponding increase in the share-based payment reserve. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

The Group also operates a cash-settled compensation plan in which certain employees of the Group participate. The grant date fair value of the cash-settled instruments is equal to the value of the equity-settled instrument granted on the same grant date.

The grant date fair value of the cash-settled instruments is recognised as an employee benefit expense over the vesting period based on the Group's estimate of the number of instruments that will eventually vest, with a corresponding increase in the share-based payment obligation. At each reporting date the obligation is remeasured to the fair value of the instrument, to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment to gain or loss on financial instrument in profit and loss.
Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Where the terms of an equity-settled or a cash-settled award are modified, the originally determined expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the participant as measured at the date of the modification.

In terms of the previously existing Gold Fields Share Plans, all Gold Fields shares vested *pro rata* (no fault termination rules applied) to Sibanye Gold employees following the unbundling of Sibanye. The proportionate unvested options under the Gold Fields Share Plans on date of unbundling were replaced with Sibanye instruments to the equivalent value, under the Sibanye Gold 2013 Share Plan (SGL Share Plan).

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **(a) Sibanye Gold Limited 2013 Share Plan** | | | |
| Performance shares | **(147.7)** | (154.3) | – |
| Bonus shares | **(28.1)** | (17.8) | – |
| **(b) Sibanye Gold Limited Phantom Share Scheme** | | | |
| Performance shares | **(138.7)** | (41.9) | – |
| Bonus shares | **(96.7)** | (48.2) | – |
| Phantom share dividends | **(6.7)** | (2.3) | – |
| **(c) Gold Fields Limited 2012 Share Plan** | | | |
| Performance shares | **–** | (13.1) | (62.3) |
| Bonus shares | **–** | (2.9) | (40.6) |
| **(d) Gold Fields Limited 2005 Share Plan** | | | |
| Performance vesting restricted shares | **–** | (23.1) | (146.7) |
| Performance allocated share appreciation rights | **–** | (2.2) | (13.9) |
| **Total share-based payments** | **(417.9)** | (305.8) | (263.5) |

**(a) Sibanye Gold Limited 2013 Share Plan**

On 21 November 2012 the shareholder of Sibanye approved the adoption of the SGL Share Plan with effect from the date of listing. The SGL Share Plan provides for two methods of participation, namely the Performance Share (PS) Method and the Bonus Share (BS) Method. This plan seeks to attract, retain, motivate and reward participating employees on a basis which seeks to align the interests of such employees with those of the shareholders.

The Remuneration Committee makes an annual conditional award of shares to the CEO, CFO, SVPs and Vice Presidents (VPs). The number of PS awarded to an employee is based on the employee's annual guaranteed pay, grade and performance. The actual number of PS which vest is determined by Sibanye's share price performance measured against the performance of a peer group, being Harmony Gold Mining Company Limited (Harmony), Pan African Resources PLC and Gold One International Limited (Gold One) (subsequently delisted), over a performance period of three years. This peer group is determined and approved by the Remuneration Committee. The PS, which vest, are based on the relative change in the Sibanye share price compared to the respective share prices of the individual companies within the peer group and with discretion allowed due to the small sample size. For any PS award to be settled to executives, an internal company performance target is required to be met before the external relative measure is applied. The target performance criterion is set at 85% of Sibanye's expected gold production over the three-year measurement period as set out in the business plans of Sibanye as approved by the Board. Only once the internal measure has been achieved, will the external measure (Sibanye's share price performance measured against the abovementioned peer group) be applied to determine the scale of the vesting of awards of PS.

The Committee makes an annual conditional award of shares to each executive director and senior executive. The size of the award depends on the individual's annual cash bonus, which is determined by actual performance against predetermined targets. Restricted BS are allocated on the ratio of two-thirds of an individual's annual bonus. The BS vest in two equal parts at nine months and 18 months after the award date. Dividends are payable on the BS during the holding period.

Details of the options granted under this plan to employees are detailed below:

| Performance shares (PS) | | | | Bonus Shares (BS) | | |
|---|---|---|---|---|---|---|
| 2012 | 2013 | 2014 | Number of instruments | 2014 | 2013 | 2012 |
| | | **28,083,703** | Outstanding at beginning of the year | **1,135,455** | | |
| | | | Movement during the year: | | | |
| – | 28,568,317 | **–** | Granted to replace Gold Fields Share Plans | **–** | 702,915 | – |
| – | 4,118,870 | **2,953,057** | Granted during the year | **1,275,979** | 1,135,455 | – |
| – | (1,523,111) | **(5,567,771)** | Exercised and released | **(1,672,579)** | (638,086) | – |
| – | (3,080,373) | **(2,179,727)** | Forfeited | **(143,843)** | (64,829) | – |
| – | 28,083,703 | **23,289,262** | **Outstanding at end of the year** | **595,012** | 1,135,455 | – |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

**7. SHARE-BASED PAYMENTS** (continued)

The fair value of the above PS equity instruments granted during the year were valued using the Monte Carlo Simulation model. For the BS equity instruments, a future trading model is used to estimate the loss in value to the holders of bonus shares due to trading restrictions. The actual valuation is developed using a Monte Carlo analysis of the future share price of Sibanye.

The inputs to the models for options granted during the year were as follows:

| Performance shares (PS) | | | MONTE CARLO SIMULATION | Bonus Shares (BS) | | |
|---|---|---|---|---|---|---|
| 2012 | 2013 | 2014 | | 2014 | 2013 | 2012 |
| – | 64.6% | **56.4%** | • weighted average historical volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option) | **56.4%** | 64.6% | – |
| – | 3 | **3** | • expected term (years) | **n/a** | n/a | – |
| – | n/a | **n/a** | • expected term (months) | **9 – 18** | 9 – 18 | – |
| – | 2.5% | **4.7%** | • expected dividend yield | **4.7%** | 2.5% | – |
| | 6.0% | **5.7%** | • weighted average three-year risk-free interest rate (based on SA interest rates) | **5.7%** | 6.0% | – |
| – | n/a | **n/a** | • marketability discount | **2.2%** | 3.0% | – |
| – | 12.55 | **38.61** | • weighted average fair value | **24.94** | 12.57 | – |

The compensation cost of awards that were issued to replace the historical instruments issued by Gold Fields will mirror the costs that would have been expensed in future periods under the Gold Fields Limited Share Plans had they still been in place.

The compensation cost related to awards not yet recognised under the plan at 31 December 2014 amounts to R129.2 million and is to be spread over three years.

At the Annual General Meeting (AGM) the directors of Sibanye were authorised to issue and allot all or any of such shares required for the plans, but in aggregate all plans may not exceed 70,619,126 of the total issued ordinary shares capital of the Company. An individual participant may also not be awarded an aggregate of shares from all or any such plans exceeding 7,061,913 (1%) of the Company's total issued ordinary share capital. The unexercised options and shares under all plans represented 24,479,286 (2.7%) of the total issued ordinary share capital of Sibanye at 31 December 2014.

**(b) Sibanye Gold Limited Phantom Share Scheme**

On 14 May 2013 Sibanye's Remuneration Committee limited the issuance of share options for the 2013 allocation under the SGL Share Plan to senior management only. Middle and certain senior management, who previously participated in the equity-settled share option scheme, now participate in a cash-settled share scheme, the Sibanye Gold 2013 Phantom Share Scheme (the SGL Phantom Scheme). Notwithstanding that the SGL Phantom Scheme is not subject to compliance with the JSE Listings Requirements as it is a purely cash-settled remuneration scheme, the SGL Share Plan rules apply, in all material aspects, to the SGL Phantom Scheme, other than the issue of new shares to participants.

Details of the phantom shares granted under this scheme to employees are detailed below:

| Performance shares (PS) | | | | Bonus Shares (BS) | | |
|---|---|---|---|---|---|---|
| 2012 | 2013 | 2014 | Number of instruments | 2014 | 2013 | 2012 |
| – | – | **16,429,766** | Outstanding at beginning of the year | **6,529,404** | – | – |
| | | | Movement during the year: | | | |
| – | 17,539,440 | **7,119,727** | Granted during the year | **3,604,577** | 7,002,146 | – |
| – | (55,393) | **(125,932)** | Vested and paid | **(8,076,789)** | (68,007) | – |
| – | (1,054,281) | **(1,210,934)** | Forfeited | **(325,930)** | (404,735) | – |
| – | 16,429,766 | **22,212,627** | **Outstanding at end of the year** | **1,731,262** | 6,529,404 | – |

The grant date fair value of the above PS and BS cash-settled instruments granted during the year were valued using the Monte Carlo Simulation model and a future trading model, respectively, as with the equity settled instruments above. As the cash and equity instruments are issued on the same day the grant date fair value assumptions of the cash-settled instruments is the same as for the equity-settled instruments as tabled in (a).

The fair value of the cash-settled instruments at reporting date, used to value the share-based payment obligation, is determined using the same assumptions as for the grant date valuation. However, the respective models take into account the actual share data of the peer group for the period from the grant date to the reporting date.

The compensation cost related to awards not yet recognised under the scheme at 31 December 2014 amounts to R298.0 million and is to be spread over 26 months.

**(b) Sibanye Gold Limited Phantom Share Scheme** (continued)

Reconciliation of the Share-based payment obligation:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at beginning of the year | **121.4** | – | – |
| Share-based payments expensed | **242.1** | 92.5 | – |
| Fair value adjustment of obligation [1] | **202.3** | 32.8 | – |
| Payments made [2] | **(166.6)** | (3.9) | – |
| **Balance at end of the year** | **399.2** | 121.4 | – |
| Reconciliation of the non-current and current portion of the share-based payments obligation: | | | |
| Share-based payment obligations | **378.4** | 76.2 | – |
| Current portion of share-based payment obligations | **20.8** | 45.2 | – |
| **Total share-based payments obligation** | **399.2** | 121.4 | – |

*[1] The fair value adjustment at reporting date is included in (loss)/gain on financial instruments in the income statement and not as part of share-based payment expense.*

*[2] Payments made during the year relates to the proportionate vesting of shares to employees that have left the Group in good faith. BS options under the SGL Share Plan are issued on grant date and thus get paid dividends when the Company declares a dividend. Similarly the BS holders under the SGL Phantom Scheme received share-based payments to the equivalent of dividends paid, which were also paid during the year.*

**(c) Gold Fields Limited 2012 Share Plan**

At the Gold Fields annual general meeting on 14 May 2012 Gold Fields shareholders approved the adoption of the Gold Fields Limited 2012 Share Plan (the 2012 Plan) to replace the Gold Fields Limited 2005 Share Plan. The 2012 Plan provided for two methods of participation, namely the PS Method and the BS Method. This plan sought to attract, retain, motivate and reward participating employees on a basis which aims to align the interests of such employees with those of the Gold Fields share owners.

As a result of the unbundling all unvested options on the date of the unbundling were converted to instruments under the SGL Share Plan as described in (a). Sibanye employees had to exercise all options that vested proportionately up to the date of unbundling.

Details of the options granted under this scheme to Sibanye employees are detailed below:

| Performance shares (PS) | | | | Bonus Shares (BS) | | |
|---|---|---|---|---|---|---|
| 2012 | 2013 | 2014 | Number of instruments | 2014 | 2013 | 2012 |
| – | 1,537,383 | – | Outstanding at beginning of the year | – | 256,451 | – |
| | | | Movement during the year: | | | |
| 1,638,684 | 312,546 | – | Granted during the year | – | – | 489,748 |
| – | (496,303) | – | Exercised and released | – | (137,265) | (216,715) |
| (73,889) | – | – | Forfeited | – | – | (16,582) |
| (27,412) | (77,386) | – | Transferred within the Gold Fields group | – | (31,337) | – |
| – | (1,276,240) | – | Converted to Sibanye options | – | (87,849) | – |
| 1,537,383 | – | – | **Outstanding at end of the year** | – | – | 256,451 |

The shares that were granted during 2013 were as a result of the unbundling and took into account the current share prices and vesting percentage at the date of unbundling. The valuation was not done according to the Monte Carlo Simulation as in 2012 for options granted in the ordinary course of business.

The fair value of the above PS equity instruments granted during the year ended 31 December 2012 were valued using the Monte Carlo Simulation model. For the BS equity instruments a future trading model was used to estimate the loss in value to the holders of BS due to trading restrictions. The actual valuation was developed using a Monte Carlo analysis of the future share price of Gold Fields at that time.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014
## CONTINUED

**7. SHARE-BASED PAYMENTS** (continued)

The inputs to the models for options granted during the year were as follows:

| Performance shares (PS) | | | MONTE CARLO SIMULATION | Bonus Shares (BS) | | |
|---|---|---|---|---|---|---|
| 2012 | 2013 | 2014 | | 2014 | 2013 | 2012 |
| 36.4% | – | – | • weighted average historical volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option) | – | – | 29.4% |
| 3.0 | – | – | • expected term (years) | – | – | n/a |
| n/a | – | – | • expected term (months) | – | – | 9 – 18 |
| 1.6% | – | – | • historical dividend yield | – | – | 2.7% |
| 0.7% | – | – | • weighted average three-year risk-free interest rate (based on US interest rates) | – | – | n/a |
| n/a | – | – | • weighted average three-year risk-free interest rate (based on SA interest rates) | – | – | 5.5% |
| n/a | – | – | • marketability discount | – | – | 1.5% |
| 162.31 | – | – | • weighted average fair value | – | – | 115.74 |

**(d) Gold Fields Limited 2005 Share Plan**

At the Gold Fields annual general meeting on 17 November 2005 shareholders approved the adoption of the Gold Fields Limited 2005 Share Plan (the 2005 Plan) to replace the GF Management Incentive Scheme approved in 1999. The 2005 plan provided for two methods of participation, namely the Performance Allocated Share Appreciation Rights (SARS) Method and the Performance Vesting Restricted Share (PVRS) Method. This plan sought to attract, retain, motivate and reward participating employees on a basis which aimed to align the interests of such employees with those of the Gold Fields share owners. No further allocations of options under this plan were made due to the introduction of the 2012 Plan.

As a result of the unbundling all unvested options on the date of the unbundling were converted to instruments under the SGL Share Plan as described in (a). Sibanye employees had to exercise all options that vested proportionately up to the date of unbundling.

The following information details the options granted under this scheme to Sibanye employees:

| 31 December 2012 | | | | 31 December 2013 | | |
|---|---|---|---|---|---|---|
| Number of instruments | | Average instrument | | Number of instruments | | Average instrument |
| PVRS | SARS | price (rps) | | PVRS | SARS | price (rps) |
| **3,290,075** | **1,211,778** | **107.79** | **Outstanding at the beginning of the year** | **2,230,586** | **921,506** | **106.82** |
| | | | Movement during the year: | | | |
| – | – | – | Granted during the year | 466,253 | 171,643 | 106.82 |
| (829,266) | (70,119) | 105.98 | Exercised and released | (2,153,455) | (484,908) | 106.82 |
| (213,581) | (131,068) | 116.62 | Forfeited | | | |
| (16,642) | (89,085) | 106.21 | Transferred within the Gold Fields group | (2,605) | (4,077) | 106.82 |
| – | – | – | Converted to Sibanye options | (540,779) | (604,164) | 106.82 |
| **2,230,586** | **921,506** | **106.82** | **Outstanding at end of the year** | **–** | **–** | **–** |

## 8. OTHER INCOME

**Accounting policy**

Revenue from services is recognised over the period the services are rendered and is accrued in the consolidated financial statements.

The service entities that form part of Corporate in the segment report (refer to note 2) mainly provide services to the mines. These service costs to the mines are included in the cost of sales of the Group.

Some of the service entities provide services to related parties or third parties and are classified as other income. These services can be categorised as below:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Administration services [1] | **23.4** | 33.2 | 69.6 |
| Security services [2] | **41.2** | 34.2 | 29.0 |
| Training services [3] | **40.5** | 30.0 | 27.0 |
| Medical services [4] | **50.8** | 121.9 | 121.6 |
| **Total service revenue [5]** | **155.9** | 219.3 | 247.2 |

*[1] Shared Services provides administration services to the Group, certain members of the public and historically to certain entities of the Gold Fields group (refer to note 44 for further details of these related party transactions). Shared Services acts as a service provider on behalf of the companies of the Group in facilitating the acquisition of consumables, paying creditors, collecting debtors and payroll payments. All cost paid on behalf of a group company are immediately recovered from the applicable entity with an administration fee.*

*[2] Sibanye Gold Protection Services Proprietary Limited provides security services to the Group, certain members of the public and historically to certain entities of the Gold Fields group (refer to note 44 for further details of these related party transactions).*

*[3] Sibanye Gold Academy Proprietary Limited provides training services to the Group, certain members of the public and historically to certain entities of the Gold Fields group (refer to note 44 for further details of these related party transactions).*

*[4] St Helena Hospital Proprietary Limited (FS Hospital) and M Janse van Rensburg Proprietary Limited (Pharmacies) and Leslie Williams Private Hospital (WW Hospital), a division of Sibanye, provides health services to the Group, certain members of the public and historically to certain entities of the Gold Fields group (refer to note 44 for further details of these related party transactions). The Pharmacies provide medical supplies to the FS hospital, WW Hospital and the general public.*

*[5] The cost of sales related to the services revenue is included in other costs as disclosed in the income statement.*

## 9. IMPAIRMENTS

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Impairment of property, plant and equipment [1] | **(155.5)** | (821.0) | – |
| Impairment of investment in equity accounted investee [2] | **(119.6)** | – | – |
| **Total impairment** | **(275.1)** | (821.0) | – |

*[1] Refer to note 13 for details relating to the impairment of the Python Plant at Kloof.*
*[2] Refer to note 19 for details relating to the impairment of the investment in Rand Refinery.*

## 10. ROYALTIES, AND MINING AND INCOME TAXATION

**Significant accounting judgements and estimates**

The Group is subject to income taxes in South Africa. Significant judgement is required in determining the liability for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

The mining operations are taxed on a variable rate that increases as the profitability of the operation increases. The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when the temporary differences will reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year. Calculating the future profitability of the operations is inherently uncertain and could materially change over time.

Additionally, future changes in tax laws in South Africa could limit the ability of the Group to obtain tax deductions in future periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 10. ROYALTIES, AND MINING AND INCOME TAXATION (continued)

**Accounting policy**

Income taxation comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is measured on taxable income at the applicable statutory rate enacted or substantively enacted at the reporting date.

Deferred taxation is provided on temporary differences existing at each reporting date between the tax values of assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred taxation.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

These temporary differences are expected to result in taxable or deductible amounts in determining taxable profits for future periods when the carrying amount of the asset is recovered or the liability is settled. The principal temporary differences arise from depreciation of property, plant and equipment, provisions, unutilised capital allowances and tax losses carried forward.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets relating to the carry forward of unutilised tax losses and/or unutilised capital allowances are recognised to the extent it is probable that future taxable profit will be available against which the unutilised tax losses and/or unutilised capital allowances can be recovered. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

No provision is made for any potential taxation liability on the distribution of retained earnings by Group companies.

### 10.1 ROYALTIES

The Mineral and Petroleum Resource Royalty Act 2008 (Royalty Act) imposes a royalty on refined (mineral resources that have undergone a comprehensive level of beneficiation such as smelting and refining as defined in Schedule 1 of the Royalty Act) and unrefined (mineral resources that have undergone limited beneficiation as defined in Schedule 2 of the Royalty Act) minerals payable to the State. The royalty in respect of refined minerals (which include gold refined to 99.5% and above and platinum) is calculated by dividing earnings before interest and taxes (EBIT) by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of 5% of mining revenue has been introduced on refined minerals. The effective rate of royalty tax payable for the year ended 31 December 2014 was approximately 2.0% of mining revenue (2013: 2.1% and 2012: 1.7%).

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Current year charge | **(430.5)** | (414.6) | (282.1) |
| **Total royalties** | **(430.5)** | (414.6) | (282.1) |

## 10.2 MINING AND INCOME TAXATION

The components of mining and income taxation are the following:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Mining tax | **(847.9)** | (771.0) | (428.3) |
| Non-mining tax | **(24.8)** | (27.7) | (8.1) |
| Company and capital gain tax | **(6.5)** | (12.7) | (22.8) |
| Prior year adjustment current tax | **–** | 1.6 | (15.6) |
| Total current taxation | **(879.2)** | (809.8) | (474.8) |
| Deferred tax | **51.1** | 553.6 | 839.8 |
| **Total mining and income tax** | **(828.1)** | (256.2) | 365.0 |

Reconciliation of the Group's income tax to the maximum South African statutory mining tax rate of 34.0% (2013: 34% and 2012: 34%):

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **South African statutory tax rates** | | | |
| Mining tax [1] | **Y=34-170/X** | Y=34-170/X | Y=34-170/X |
| Non-mining tax [2] | **28.0%** | 28.0% | 35.0% |
| Company tax rate | **28.0%** | 28.0% | 28.0% |
| Tax on profit before taxation at maximum South African statutory mining tax rate | **(793.9)** | (664.5) | (889.2) |
| South African mining tax formula rate adjustment | **340.2** | 329.6 | 282.4 |
| Rate adjustment to reflect the company tax rate of 28% | **(10.4)** | (63.7) | 16.6 |
| Non-deductible share-based payments | **(59.8)** | (72.6) | (89.6) |
| Non-taxable share of results of equity-accounted investees | **(160.0)** | 17.5 | 31.7 |
| Non-deductible impairments | **(40.7)** | – | – |
| Net other non-taxable income and non-deductible expenditure | **(23.0)** | (16.1) | 9.6 |
| Assessed losses not recognised | **(80.5)** | – | – |
| Deferred tax release on reduction of rate [3, 4] | **–** | 213.6 | 1,003.5 |
| **Income and mining tax expense** | **(828.1)** | (256.2) | 365.0 |

[1] *Mining tax is determined according to a formula which takes into account the profit and revenue attributable to mining operations. Mining taxable income is determined after the deduction of all mining capital expenditure, with the provision that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. Accounting depreciation is ignored for the purpose of calculating mining taxation. In the formula above, Y is the percentage rate of tax payable and X is the ratio of mining profit, after the deduction of redeemable capital expenditure, to mining revenue expressed as a percentage.*

[2] *Non-mining income consists primarily of interest income and guarantee fee received (refer to note 22.1).*

[3] *The change in the estimated long term deferred tax rate during 2013, as a result of applying the mining tax formula as described in footnote 1, at which the temporary differences will reverse amounted to a tax credit of R213.6 million during the year ended 31 December 2013.*

[4] *During the budget speech in February 2012, the minister of finance announced that Secondary Tax on Companies (STC) would be abolished resulting in the abolishment of the STC inclusive mining tax formula. The result was that there is now only one mining tax formula, which resulted in a deferred tax credit of R1 003.5 million during the year ended 31 December 2012.*

## 11. EARNINGS PER SHARE

**Accounting policy**

Earnings per share (EPS) is calculated based on the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period. A diluted earnings per share is presented when the inclusion of ordinary shares that may be issued in the future has a dilutive effect on earnings per share.

## 11.1 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

| Weighted average number of shares | 2014 | 2013 | 2012 |
|---|---|---|---|
| Ordinary shares in issue ('000) | **898,840** | 735,079 | 1 |
| Adjustment for weighting of ordinary shares in issue ('000) | **(62,904)** | (84,458) | – |
| **Weighted average number of shares ('000)** | **835,936** | 650,621 | 1 |
| **Profit attributable to owners of Sibanye (million)** | **1,551.5** | 1,692.4 | 2,979.6 |
| **Basic earnings per share – cents** | **186** | 260 | 297,960,000 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014
## CONTINUED

### 11. EARNINGS PER SHARE (continued)

### 11.2 DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the diluted weighted average number of ordinary shares in issue during the year.

Dilutive shares are the number of potentially dilutive ordinary shares that could be issued as a result of share options granted to employees under the share option schemes referred to in note 7.

| Weighted average number of shares | 2014 | 2013 | 2012 |
|---|---|---|---|
| Weighted average number of shares ('000) | 835,936 | 650,621 | 1 |
| Potential ordinary shares ('000) | 18,791 | 13,667 | – |
| **Diluted weighted average number of shares ('000)** | **854,727** | 664,288 | 1 |
| **Diluted basic earnings per share – cents** | **182** | 255 | 297,960,000 |

### 11.3 HEADLINE EARNINGS PER SHARE

Headline earnings per share is calculated by dividing the headline earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Reconciliation of profit attributable to owners of Sibanye to headline earnings:

| Figures in million – SA rand | Net of tax | Gross |
|---|---|---|
| **31 December 2014** | | |
| Profit attributable to owners of Sibanye | 1,551.5 | |
| Profit on disposal of property, plant and equipment | (6.8) | (9.5) |
| Impairment | 233.1 | 275.1 |
| Reversal of impairment | (360.3) | (474.1) |
| **Headline earnings** | **1,417.5** | |
| **Headline EPS – cents** | **170** | |
| **31 December 2013** | | |
| Profit attributable to owners of Sibanye | 1,692.4 | |
| Profit on disposal of property, plant and equipment | (3.9) | (5.5) |
| Impairment | 591.1 | 821.0 |
| Loss on loss of control of subsidiary | 30.2 | 30.2 |
| **Headline earnings** | **2,309.8** | |
| **Headline EPS – cents** | **355** | |

Reconciliation of profit attributable to owners of Sibanye to headline earnings:

| Figures in million – SA rand | Net of tax | Gross |
|---|---|---|
| **31 December 2012** | | |
| **Reconciliation of profit attributable to owners of Sibanye to headline earnings:** | | |
| Profit attributable to owners of Sibanye | 2,979.6 | |
| Profit on disposal of property, plant and equipment | (1.7) | (2.4) |
| **Headline earnings** | **2,977.9** | |
| **Headline EPS – cents** | **297,790,000** | |

### 11.4 DILUTED HEADLINE EARNINGS PER SHARE

Diluted headline earnings per share is calculated by dividing the headline earnings attributable to ordinary shareholders by the diluted weighted average number of ordinary shares in issue during the year.

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| Diluted headline EPS – cents | 166 | 348 | 297,790,000 |

## 12. DIVIDENDS

**Accounting policy**

Dividends are recognised only when such dividends are declared.

Cash flows from dividends paid are classified under operating activities in the statement of cash flows.

On 19 February 2015 a final dividend in respect of the financial period ended 31 December 2014 of 62 cents per share was approved by the Board and payable on 23 March 2015. This dividend is not reflected in these financial statements. The final dividend will be subject to Dividend Withholding Tax.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Pre-unbundling dividend paid to Sibanye's then only shareholder, Gold Fields | **–** | – | 731.3 |
| Dividend declared and paid | **1,005.2** | 271.9 | – |
| Dividend per share – cents | **125** | 37 | 73,130,000 |

The dividend declared and paid relates to the final dividend of 75 SA cents per share or R555.2 million in respect of the year end 31 December 2013 declared 19 February 2014, and the interim dividend of 50 SA cents per share or R448.8 million in respect of the six months ended 30 June 2014 declared on 30 August 2014.

## 13. PROPERTY, PLANT AND EQUIPMENT

**Significant accounting judgements and estimates**

*Carrying value of property, plant and equipment*

All mining assets are amortised using the units-of-production method where the mine operating plan calls for production from proved and probable Mineral Reserves.

Mobile and other equipment are depreciated over the shorter of the estimated useful life of the asset or the estimate of mine life based on proved and probable Mineral Reserves.

The calculation of the units-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable Mineral Reserves. This would generally result from the extent that there are significant changes in any of the factors or assumptions used in estimating Mineral Reserves.

These factors could include:

- Changes in proved and probable Mineral Reserves;
- Differences between actual commodity prices and commodity price assumptions;
- Unforeseen operational issues at mine sites;
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- Changes in Mineral Reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the gold price assumption may change which may then impact the Group estimated life of mine determinant and may then require a material adjustment to the carrying value of property, plant and equipment.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable by comparing expected future cash flows to these carrying values. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows of each group of assets. Expected future cash flows used to determine the value in use and fair value less costs to sell of property, plant and equipment are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

*Mineral Reserves estimates*

Mineral Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate the Reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and grade of the Mineral Reserves requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group is required to determine and report, *inter alia,* on the Mineral Reserves in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Estimates of Mineral Reserves may change from period to period due to the change in economic assumptions used to estimate Mineral Reserves and due to additional geological data becoming available during the course of operations. Changes in reported proven and probable Reserves may affect the Group's financial results and position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated cash flows;
- Depreciation and amortisation charges to the income statement may change as these are calculated on the units-of production method, or where the useful lives of assets change;
- Decommissioning site restoration and environmental provisions may change where changes in ore Reserves affect expectations about the timing or cost of these activities; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

*Pre-production*
The Group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production stage. Some of the criteria would include, but are not limited to the following:

- the level of capital expenditure compared to the construction cost estimates;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain commercial levels of production of metal.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are expensed, except for capitalisable costs related to mining asset additions or improvements, underground mine development or ore reserve development.

**Accounting policy**
*Mineral and surface rights*
Mineral and surface rights are recorded at cost less accumulated amortisation and accumulated impairment losses. When there is little likelihood of a mineral right being exploited, or the carrying amount has exceeded its recoverable amount, impairment is recognised in the income statement in the year that such determination is made.

*Mine development and infrastructure*

Mining assets, including mine development and infrastructure costs and mine plant facilities, are recorded at cost less accumulated depreciation and accumulated impairment losses.

These costs which include the purchase price of assets used in the construction of the mine, expenditure incurred to evaluate and develop new ore bodies, to define mineralisation in existing ore bodies and to establish or expand productive capacity, are capitalised until commercial levels of production are achieved, at which times the costs are amortised as set out below.

Development of ore bodies includes the development of shaft systems and waste rock removal that allows access to reserves that are economically recoverable in the future. Subsequent to this, costs are capitalised if the criteria for recognition as an asset are met. Access to individual orebodies exploited by the Group is limited to the time span of the respective mining leases.

*Borrowing costs*

Borrowing costs directly attributable to the acquisition or construction of assets requiring a substantial period of time to prepare for their intended future use are capitalised to the date that the assets are substantially completed.

*Land*
Land is shown at cost and is not depreciated.

*Other assets*
Non-mining assets are recorded at cost less accumulated depreciation and accumulated impairment losses. These assets include the assets of the mining operations not included in mine development and infrastructure, borrowing costs, mineral and surface rights, land and all the assets of the non-mining operations.

*Amortisation and depreciation of mining assets*
Amortisation and depreciation is determined to give a fair and systematic charge in the income statement taking into account the nature of a particular ore body and the method of mining that ore body. To achieve this, the following calculation methods are used:

- Mining assets, including mine development and infrastructure costs, mine plant facilities and evaluation costs, are amortised over the life of the mine using the units-of-production method, based on estimated proved and probable Mineral Reserves above infrastructure.
- Proved and probable Mineral Reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in future from known mineral deposits.
- Certain mining plant and equipment included in mine development and infrastructure is depreciated on a straight-line basis over their estimated useful lives.

**Accounting policy** (continued)

*Depreciation of non-mining assets*

Non-mining assets are recorded at cost and depreciated on a straight-line basis over their current expected useful lives to their residual values as follows:

- Vehicles 20%
- Computers 33.3%
- Furniture and equipment 10%

The assets' useful lives, depreciation methods and residual values are reassessed at each reporting date and adjusted if appropriate.

*Impairment*

Recoverability of the carrying values of long-term assets or cash-generating units (CGU) of the Group are reviewed whenever events or changes in circumstances indicate that such carrying value may not be recoverable. To determine whether a long-term asset or CGU may be impaired, the higher of value in use (defined as: the present value of future cash flows expected to be derived from an asset or CGU) or fair value less costs to sell (defined as: the price that would be received to sell an asset in an orderly transaction between market participants at the measured rate, less the costs of disposal) is compared to the carrying value of the asset/unit.

A CGU is defined by the Group as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Generally for the Group this represents an individual operating mine, including mines which are part of a larger mine complex. The costs attributable to individual shafts of a mine are impaired if the shaft is closed.

Impairment losses are recognised in profit and loss. Impairment recognised in respect of a CGU is allocated to the individual assets in the CGU.

When any infrastructure is closed down or placed on care and maintenance during the year, any carrying value attributable to that infrastructure is impaired. Expenditure incurred on care and maintenance is recognised in profit and loss.

When the review of the events or changes in circumstances of an asset or CGU that was previously impaired indicate that such historical carrying value is recoverable, the impairment is reversed. The impairment is only reversed to such an amount that the new carrying amount does not exceed the historical carrying amount. Reversal of impairment losses are recognised in profit and loss. Reversal of impairment recognised in respect of a CGU is allocated to the individual assets in the CGU.

*Gain or loss on disposal*

Any gain or loss on disposal on an item of property plant and equipment (calculated as the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

*Mining exploration*

Expenditure on advances to companies solely for exploration activities, prior to evaluation, is charged against income until the viability of the mining venture has been proven. Expenditure incurred on exploration farm-in projects is written off until an ownership interest has vested. Exploration expenditure to define mineralisation at existing ore bodies is considered mine development costs and is capitalised until commercial levels of production are achieved.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

| Figures in million – SA rand | Total | Mine development, infrastructure and other | Land, mineral rights and rehabilitation |
|---|---|---|---|
| **31 December 2014** | | | |
| **Cost** | | | |
| Balance at beginning of the year | 43,970.8 | 42,606.8 | 1,364.0 |
| Additions | 3,250.8 | 3,249.7 | 1.1 |
| Change in estimates of rehabilitation assets | 131.5 | – | 131.5 |
| Disposals | (68.1) | (66.1) | (2.0) |
| Assets acquired on acquisition of subsidiaries (refer to note 14, 15 and 16) | 7,119.9 | 3,110.0 | 4,009.9 |
| **Balance at end of the year** | 54,404.9 | 48,900.4 | 5,504.5 |
| **Accumulated depreciation and impairment losses** | | | |
| Balance at beginning of the year | 28,819.8 | 27,942.0 | 877.8 |
| Amortisation and depreciation | 3,254.7 | 3,054.0 | 200.7 |
| Impairment | 155.5 | 155.5 | – |
| Reversal of impairment | (474.1) | (448.1) | (26.0) |
| Disposals | (55.0) | (53.2) | (1.8) |
| **Balance at end of the year** | 31,700.9 | 30,650.2 | 1,050.7 |
| **Carrying value at end of the year** | 22,704.0 | 18,320.0 | 4,384.0 |

**Impairment**
The Python processing plant was decommissioned in July 2014 due to process design flaws. As a result a decision was taken to impair the entire carrying value of the Python plant by R155.5 million.

**Reversal of impairment at Beatrix West**
During the six months ended 30 June 2013 the mining assets of Beatrix West Section was impaired by R821.0 million due to a fire during February 2013 which affected approximately 38% of the planned production area, impacting on the commercial viability of the Beatrix West Section. In addition management entered into a section 189 consultation with affected stakeholders, agreeing that ore reserve development would largely be suspended and that the remaining ore reserves would be mined to completion.

Due to the positive results of the restructured Beatrix West Section it returned to profitability and as a result a decision was taken to reverse the impairment recorded during the six months ended 30 June 2013. This resulted in a R474.1 million reversal of impairment to the historical carrying value less depreciation subsequent to 30 June 2013.

The reversal was based on the estimated fair value less cost to sell over the life of mine. The fair value was calculated based on expected discounted cash flows from the expected gold reserves and costs to extract the gold.

**Security**
Refer to note 30(a) for further details relating to assets pledged as security under the R4.5 billion Facilities. The Burnstone Debt is fully secured against the assets of Burnstone and there is no recourse to the Sibanye Group.

| Figures in million – SA rand | Total | Mine development, infrastructure and other | Land, mineral rights and rehabilitation |
|---|---|---|---|
| **31 December 2013** | | | |
| **Cost** | | | |
| Balance at beginning of the year | **41,362.3** | 39,837.7 | 1,524.6 |
| Additions | **2,901.5** | 2,901.5 | – |
| Change in estimates of rehabilitation assets | **(160.6)** | – | (160.6) |
| Disposals | **(15.2)** | (15.2) | – |
| Loss of control of subsidiary | **(117.2)** | (117.2) | – |
| **Balance at end of the year** | **43,970.8** | **42,606.8** | **1,364.0** |
| **Accumulated depreciation and impairment losses** | | | |
| Balance at beginning of the year | **24,986.2** | 24,238.0 | 748.2 |
| Amortisation and depreciation | **3,103.9** | 3,018.7 | 85.2 |
| Impairment | **821.0** | 776.6 | 44.4 |
| Disposals | **(13.8)** | (13.8) | – |
| Loss of control of subsidiary | **(77.5)** | (77.5) | – |
| **Balance at end of the year** | **28,819.8** | **27,942.0** | **877.8** |
| **Carrying value at end of the year** | **15,151.0** | **14,664.8** | **486.2** |

**Impairment**

An underground fire during February 2013 at Beatrix West section affected approximately 38% of the planned production area, impacting on the commercial viability of the Beatrix West Section. As a result a decision was taken during the six months ended 30 June 2013 to impair Beatrix West section's mining assets by R821.0 million. This impairment was based on cash flow projections for the remainder of the life of mine.

Management's decision to impair all of the assets of Beatrix West Section, excluding plant, was taken based on the fact that negative cash flows were projected using an average gold price of R425 000/kg.

| Figures in million – SA rand | Total | Mine development, infrastructure and other | Land, mineral rights and rehabilitation |
|---|---|---|---|
| **31 December 2012** | | | |
| **Cost** | | | |
| Balance at beginning of the year | **37,988.0** | 36,727.7 | 1,260.3 |
| Additions | **3,106.9** | 3,106.9 | – |
| Change in estimates of rehabilitation assets | **264.3** | – | 264.3 |
| Disposals | **(8.6)** | (8.6) | – |
| Other | **11.7** | 11.7 | – |
| **Balance at end of the year** | **41,362.3** | **39,837.7** | **1,524.6** |
| **Accumulated depreciation and impairment losses** | | | |
| Balance at beginning of the year | **22,629.2** | 21,914.6 | 714.6 |
| Amortisation and depreciation | **2,362.8** | 2,329.2 | 33.6 |
| Disposals | **(5.8)** | (5.8) | – |
| **Balance at end of the year** | **24,986.2** | **24,238.0** | **748.2** |
| **Carrying value at end of the year** | **16,376.1** | **15,599.7** | **776.4** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

## 14. COOKE ACQUISITION

**Accounting policy**

***Business combinations***

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent changes in equity, plus or minus changes in the portion interest of the equity of the subsidiary not attributable, directly or indirectly, to Sibanye shareholders

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit and loss.

On 15 May 2014 all conditions precedent to the acquisition of Gold One's 76% shareholding in, and the Gold One Group claims against, Newshelf 1114 were fulfilled. Newshelf 1114 holds a 100% shareholding in Rand Uranium and Ezulwini, the activities of these companies include the Cooke Operations.

On completion of the Newshelf 1114 black economic empowerment (BEE) structure, Sibanye will have a 74% interest in Newshelf 1114. The current balance of 24% not owned by Sibanye forms part of the Newshelf 1114 BEE structure. Non-controlling interest takes into account any portion of the equity of Newshelf 1114 which is indirectly attributable to the shareholders of Sibanye as a result of funding provided by Sibanye, which currently constitutes an original 24% transaction with The Rand Uranium Partnership (a partnership en commandite). The negotiated Newshelf 1114 BEE structure will also include an additional 2% to be issued to an Employees Trust Fund of which the financing mechanism is still being finalised. Once finalised Sibanye will issue the 26 shares at R2 million per share as agreed with all stakeholders.

As consideration for the acquisition of the Cooke Operations, Sibanye issued 156,894,754 new Sibanye ordinary shares at R28.61, representing 17% of Sibanye's issued share capital, on a fully diluted basis to Gold One.

The acquisition is forecast to be earnings accretive, will increase Sibanye's annual gold production, and enhance existing operational flexibility, by leveraging Sibanye's existing assets in the West Wits region. The transaction will also facilitate the optimal development of the West Rand Tailings Retreatment Project (WRTRP), enhancing the return on investment from Sibanye's surface processing facilities and reducing a future environmental liability.

For the seven months ended 31 December 2014, Cooke contributed revenue of R1,882.0 million and a loss of R187.8 million to the Group's results.

**Consideration transferred**

The following table summarises the acquisition date fair value of each major class of consideration transferred:

| Figures in million – SA rand | |
|---|---|
| Equity instruments (156,894,754 ordinary shares) | 4,488.8 |
| Loans advanced pre-acquisition | 161.2 |
| **Total consideration transferred** | **4,650.0** |

**Acquisition related costs**

The Group incurred acquisition related costs of R81.5 million on advisory and legal fees. These costs are recognised as transaction costs in profit and loss.

**Identified assets acquired and liabilities assumed**

The following table summarises the fair value of assets acquired and liabilities assumed at the acquisition date:

| Figures in million – SA rand | |
|---|---|
| Property, plant and equipment | 5,556.4 |
| Environmental rehabilitation obligation funds | 341.7 |
| Inventories | 77.6 |
| Trade and other receivables | 156.8 |
| Cash and cash equivalents | 31.8 |
| Deferred taxation | (169.2) |
| Borrowings | (696.2) |
| Environmental rehabilitation obligation | (501.8) |
| Trade and other payables | (486.2) |
| Taxation and royalties payable | (1.4) |
| **Total identifiable net assets acquired** | **4,309.5** |

The fair value of assets and liabilities excluding property plant and equipment approximate their carrying value. The fair value of property, plant and equipment was based on the expected discounted cash flows of the expected gold reserves and costs to extract the gold discounted at a nominal discount rate of 12.2% and a gold price of R440,000/kg.

**Goodwill**

Goodwill arising from the acquisition has been recognised as follows:

| Figures in million – SA rand | |
|---|---|
| Consideration transferred | 4,650.0 |
| Fair value of identifiable net assets | (4,309.5) |
| Non-controlling interest in their proportionate interest in the recognised amounts of the assets and liabilities of Cooke [1] | 396.2 |
| **Goodwill** | **736.7** |

[1] *The amount recognised as non-controlling interest represents the BEE consortium's proportionate share of the net assets at acquisition date of Newshelf 1114 after considering the loan amount due and payable to Sibanye.*

Refer to note 17 on the allocation and impairment testing of goodwill.

## 15. WITWATERSRAND CONSOLIDATED GOLD RESOURCES LIMITED ACQUISITION

Sibanye announced on 11 December 2013 that it had offered to acquire the entire issued share capital of Wits Gold for a cash consideration of R11.55 per Wits Gold share. The transaction was subject to the fulfilment of various conditions precedent which were completed on 14 April 2014.

Sibanye was required to deposit the full Scheme Consideration into an escrow account to comply with regulations 111(4) and 111(5) of the Companies Act Regulations, 2011. As at 31 December 2013, R410.0 million was held in the escrow account and formed part of the Group's cash and cash equivalents balance as reported at 31 December 2013.

On 13 March 2014, at the Wits Gold shareholders meeting, the shareholders of Wits Gold approved the proposed transaction by voting in favour of the various resolutions to give effect to the transaction.

On 14 April 2014, Sibanye paid R400.5 million to the Wits Gold shareholders and obtained control (100%) of Wits Gold. Wits Gold is not a business as defined in IFRS and thus the acquisition is considered to be outside the scope of IFRS 3 Business Combinations.
The acquisition was accounted for as an asset acquisition in which the consideration paid for the acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Transaction related expenses of R14.8 million have been capitalised.

During the eight months ended 31 December 2014 Wits Gold contributed a loss of R30.0 million. The majority of the loss consisted of the Burnstone gold mine (Burnstone) acquisition related costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 15. WITWATERSRAND CONSOLIDATED GOLD RESOURCES LIMITED ACQUISITION (continued)

The consideration paid and the assets acquired and liabilities assumed at the acquisition date are as follows:

| Figures in million – SA rand | |
|---|---|
| Cash | 415.3 |
| **Total consideration paid** | **415.3** |
| Property, plant and equipment | 472.7 |
| Trade and other receivables | 1.7 |
| Cash and cash equivalents | 5.6 |
| Borrowings | (40.0) |
| Trade and other payables | (24.7) |
| **Total identifiable net assets acquired** | **415.3** |

## 16. BURNSTONE ACQUISITION

**Accounting policy**
***Business combinations***
Refer to the accounting policy in note 14.

On 5 July 2013 Wits Gold announced to its shareholders that it had submitted a final binding offer (the Offer) to Mr Peter van den Steen, the business rescue practitioner of SGEO (previously Southgold Exploration Proprietary Limited), to acquire SGEO, the sole owner of Burnstone located in South Africa's Mpumalanga Province. The Offer was included in the business rescue plan that was approved by the creditors of SGEO on 11 July 2013.

All the outstanding conditions precedent were met on 1 July 2014, and Sibanye, through its subsidiary Wits Gold, took control (100%) of Burnstone from this date, also the date on which SGEO came out of business rescue. Sibanye acquired all of the issued shares of SGEO together with all shareholder and inter-group loans against SGEO for a purchase consideration of R100.00. Wits Gold was required to fund R77.4 million for the settlement of all outstanding creditors of SGEO.

In addition Wits Gold has to fund up to R950 million by means of a loan (Wits Gold Loan), over time, as working capital to support the production plan. The Wits Gold Loan will attract interest at the Johannesburg Interbank Agreed Rate (JIBAR) plus a margin of 4% from 1 July 2017.

The PPA has been prepared on a provisional basis in accordance with IFRS 3 pending the finalisation of SGEO's assets acquired and liabilities assumed post the business rescue process.

If new information, obtained within one year of the acquisition date, about facts and circumstances that existed at the acquisition date identifies adjustments to the below amounts, or any additional provisions that existed at acquisition date, then the accounting for the acquisition will be revised.

**Consideration transferred**
The following table summarises the acquisition date fair value of each major class of consideration transferred:

| Figures in million – SA rand | |
|---|---|
| Cash | – |
| Loans advanced pre-acquisition | 77.4 |
| **Total consideration transferred** | **77.4** |

**Acquisition related costs**
The Group incurred acquisition related costs of R29.7 million on advisory and legal fees. These costs are recognised as transaction costs in profit and loss.

**Identified assets acquired and liabilities assumed**

The following table summarises the fair value of assets acquired and liabilities assumed at the acquisition date:

| Figures in million – SA rand | |
|---|---|
| Property, plant and equipment | 1,089.7 |
| Environmental rehabilitation obligation funds | 32.4 |
| Inventories | 0.4 |
| Trade and other receivables | 27.2 |
| Cash and cash equivalents | 0.7 |
| Borrowings | (1,007.6) |
| Environmental rehabilitation obligation | (42.2) |
| Trade and other payables | (23.2) |
| **Total identifiable net assets acquired** | **77.4** |

The fair value of assets and liabilities excluding property plant and equipment approximate their carrying value. The fair value of property, plant and equipment was based on the expected discounted cash flows of the expected gold reserves and costs to extract the gold discounted at a nominal discount rate of 17.5% and a gold price of R440,000/kg.

**Borrowings**

Refer to note 30(c) for further details relating to the Burnstone Debt.

## 17. GOODWILL

**Significant accounting judgments and estimates**

Goodwill is tested for impairment on an annual basis. Expected future cash flows used to determine the recoverable amount of property, plant and equipment and goodwill are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the expected commodity price, foreign currency exchange rates, estimates of production costs, future capital expenditure and discount rates.

An individual operating mine does not have an indefinite life because of the finite life of its reserves. The allocation of goodwill to an individual mine will result in an eventual goodwill impairment due to the wasting nature of the mine.

**Accounting policy**

Goodwill is stated at cost less accumulated impairment losses. In accordance with the provisions of IAS 36 Impairment of Assets, the Group performs its annual impairment review of goodwill at each financial year end or whenever there are impairment indicators to establish whether there is any indication of impairment to goodwill. A write-down is made if the carrying amount exceeds the recoverable amount. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at the beginning of the year | **–** | – | – |
| Goodwill on acquisition of Cooke (refer to note 14) | **736.7** | – | – |
| **Balance at end of the year** | **736.7** | – | – |

The goodwill arose on the acquisition of Cooke and was attributable to the synergies at the Group's other operations, the underlying assets of Cooke and WRTRP. The goodwill is allocated to the Beatrix (R103.9 million), Driefontein (R166.9 million), Kloof (R165.5 million), Cooke (R201.3 million) and WRTRP (R99.1 million) CGUs where it is tested for impairment.

In line with the accounting policy, the recoverable amount was determined by reference to "fair value less costs to sell" being the higher of "value in use" and "fair value less cost to sell", based on the cash flows over the life of the CGUs and discounted to present value at an appropriate discount rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 17. GOODWILL (continued)

The Group's estimates and assumptions used in the 31 December 2014 calculation include:

- Nominal discount rates between 10.4% and 12.1% for operating mines and 16.7% for WRTRP; and
- The annual life-of-mine plan that takes into account the following:
  - Proved and probable ore reserves of the CGUs;
  - Resources are valued using appropriate price assumptions;
  - Cash flows are based on the life-of-mine of operating mines that range between 9 and 19 and WPTRP in excess of 20 years;
  - Capital expenditure estimates over the life-of-mine plan;
  - Inflation rate of 6%;
  - Gold price of R442,000/kg; and
  - Uranium price of R849/kg for 2015, R1,213/kg for 2016 and R1,576/kg thereafter.

The carrying value of CGUs, including goodwill, in terms of the accounting policies is tested on an annual basis for impairment. There were no other events or changes in circumstances suggest that the carrying amount of a CGU may not be recoverable. There is no goodwill impairment at 31 December 2014.

The recoverable amounts of the Driefontein, Kloof, Beatrix and WRTRP CGUs are significantly higher than their carry values, therefore a reasonably possible adverse change in their assumptions would unlikely result in any impairments The recoverable amount of the Cooke CGU approximates its carrying value due to the fair value recognised on the acquisition of Cooke (refer to note 14), therefore any reasonably possible adverse change in the abovementioned assumptions compared to the fair value assumptions used at acquisition (refer to note 14) could result in impairment.

It is therefore possible that outcomes within the next financial year that are materially different from the assumptions used in the impairment testing process could require an adjustment to the carrying values.

## 18. LOSS ON LOSS OF CONTROL OF SUBSIDIARY

**Accounting policy**

*Loss of control*

When the Group loses its power over the relevant activities of a subsidiary, it derecognises the assets and liabilities of that subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Living Gold was a subsidiary of Sibanye until 31 December 2013. Living Gold's management acquired a 30% interest from Sibanye in 2013 (2012: 10%) and exercised its option to acquire a further 10% during March 2014 to give Living Gold's management a 50% interest in Living Gold. This allows the management of Living Gold to appoint 50% of the directors and manage the entity. Sibanye has assessed that the management of Living Gold controlled the entity in terms of IFRS 10 Consolidated Financial Statements, before the additional 10% was acquired. As a result of the loss of control, Living Gold was de-recognised as a subsidiary during 2013, and accounted for as an equity-accounted investment, refer to note 19.

| Figures in million – SA rand | 2013 |
|---|---|
| Total assets and liabilities derecognised on loss of control | (37.3) |
| Derecognition of non-controlling interest on loss of control | 2.1 |
| Net asset value attributable to Sibanye derecognised on loss of control | (35.2) |
| Fair value of investment transferred to equity-accounted investments | 5.0 |
| **Loss on loss of control of subsidiary** | (30.2) |

## 19. EQUITY-ACCOUNTED INVESTMENTS

**Significant accounting judgments and estimates**

Following the adoption of a new Enterprise Resource Planning (ERP) system in April 2013, Rand Refinery has been unable to reconcile its actual gold inventory against its accounting records. Despite various internal projects undertaken by Rand Refinery and external reviews by experts, the root cause of the imbalance has not yet been identified. The interim conclusion that Rand Refinery's management has reached is that the imbalance is a processing inefficiency. The carrying value of Rand Refinery is an area of estimation and uncertainty, until the root cause of the imbalance is determined. Accordingly it is reasonably possible, on the basis of the knowledge available at the date the annual financial statements were approved for issue, that the outcomes of further initiatives by Rand Refinery's management could require a material adjustment, positive or negative, to the carrying value of the investment in Rand Refinery.

**Accounting policy**

The equity method of accounting is used for investments in associates.

An associate is an investment over which the Group exercises significant influence, but not control. Associates are equity-accounted from the date that significant influence or joint control is obtained to the date that the Group ceases to have significant influence.

Results of associates are equity-accounted using the results of their most recent audited annual financial statements or unaudited management accounts. Any losses from associates are brought to account in the consolidated financial statements until the interest in such associates is written down to zero. The interest includes any long-term interests that in substance, form part of the entity's net investment in the equity-accounted investee, for example long-term receivables for which settlement is neither planned nor likely to occur in the foreseeable future. Thereafter, losses are accounted for only insofar as the Group is committed to providing financial support to such associates.

The carrying value of an equity-accounted investment represents the cost of the investment, including goodwill, the proportionate share of the post-acquisition retained earnings and losses, any other movements in reserves, any impairment losses and loans to or from the equity-accounted investee. The carrying value together with any long-term interests that in substance form part of the net investment in the equity-accounted investee is assessed annually for existence of indicators of impairment and if such exist, the carrying amount is compared to the recoverable amount, being the higher of value in use or fair value less costs to sell. If an impairment in value has occurred, it is recognised in the period in which the impairment arose. Indicators of impairment includes a significant or prolonged decline in the investments fair value below its carrying value.

The Group holds the following equity-accounted investments:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Rand Refinery | **55.1** | 270.1 | 218.6 |
| Living Gold | **14.3** | 5.0 | – |
| **Balance at end of the year** | **69.4** | 275.1 | 218.6 |

**Material equity accounted investments**

***Rand Refinery***

Sibanye has a 33.1% interest in Rand Refinery, a company incorporated in the Republic of South Africa, which is involved in the refining of bullion and by-products sourced from, inter alia, South African and foreign gold producing mining companies. The investment has been equity-accounted since 1 July 2002.

The movement for the year is as follows:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at the beginning of the year | **270.1** | 218.6 | 125.5 |
| Share of results of equity-accounted investee after taxation [1] | **(480.0)** | 51.5 | 93.1 |
| Impairment | **(119.6)** | – | – |
| Loan to equity-accounted investee | **384.6** | – | – |
| **Balance at end of the year** | **55.1** | 270.1 | 218.6 |

[1] *Rand Refinery has a 30 September year end and equity accounting is based on its results to 30 September.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 19. EQUITY-ACCOUNTED INVESTMENTS (continued)

In April 2013, Rand Refinery implemented a new ERP system. The customisation of this software was problematic with the result that Rand Refinery was not able to fully reconcile certain accounts at 30 September 2013. More specifically an imbalance was detected between physical gold and silver on hand (physical inventory) and what Rand Refinery owed its depositors and bullion bankers (ownership) per the metallurgical trial balance. The uncertainty around the true inventory position prevented Rand Refinery from finalising its annual financial statements for the year ended 30 September 2013 by the time that Sibanye finalised its financial results for the year ended 31 December 2013. Accordingly, Sibanye's estimated share of results of Rand Refinery for the year ended 31 December 2013 was based on Rand Refinery's unaudited management accounts. At 31 December 2013 any share of the potential adjustment from the unaudited management accounts was limited to the carrying value of the investment of R270.1 million.

Rand Refinery's investigations to determine the root cause of the imbalance continued throughout the 2014 calendar year and are still ongoing.

Based on information available at 30 June 2014, the gold imbalance was estimated at 87,000oz. Based on its detailed discussions and due diligence Sibanye estimated a 50% probability that the gold imbalance was not recoverable. Sibanye's share of this loss adjustment was R196.4 million. This amount was partly offset by Sibanye's R45.9 million share of Rand Refinery's profits for the six month period, resulting in an estimated net loss share of R150.5 million which was recognised in Sibanye's profit and loss for the six months ended 30 June 2014. At 30 June 2014, the continued uncertainty relating to the imbalance and discussions regarding the establishment of an irrevocable subordinated shareholder loan were indicators of impairment. As Sibanye's proportional share of the proposed shareholder loan exceeded the carrying value of the investment at 30 June 2014, the remaining carrying value of the investment in Rand Refinery was fully impaired and accordingly an impairment loss of R119.6 million was recognised.

On 23 July 2014 following discussion with the bullion bankers, AngloGold Ashanti Limited (42.4% shareholding), Sibanye, Harmony (11.3% shareholding) and Gold Fields Operations Limited (GFO) (2.8% shareholding) (together, the Financing Shareholders) collectively agreed to offer financial support to Rand Refinery in the form of an irrevocable subordinated loan of up to R1.2 billion (the Facility). Under the terms of this agreement Rand Refinery could only draw on the Facility when there was confirmation that an actual imbalance exists. Sibanye's proportional share of the Facility amounted to R448.8 million.

On 18 December 2014, Rand Refinery drew down R1.029 billion under the Facility, with Sibanye's proportional share of the Facility being R384.6 million. Any amounts drawn under the Facility are repayable within two years from the first draw down date. If the loan is not repaid within the two years, it will automatically convert into equity in Rand Refinery. Interest under the Facility will be at JIBAR plus a margin of 3.5%. Sibanye has subordinated all claims it might have against Rand Refinery as part of the Facility agreement.

On 19 December 2014, Rand Refinery issued its audited annual financial statements for the years ended 30 September 2013 and 30 September 2014 which indicated a total loss of 71,000oz relating to the imbalance. The financial statements stated that despite various internal projects undertaken and external reviews by experts, the root cause of the imbalance has not yet been identified. The interim conclusion that Rand Refinery's management has reached, is that the imbalance is a processing inefficiency. Further initiatives are being introduced to continue to try to identify the root cause of the imbalance. Based on the latest information available, Sibanye prospectively reduced the carrying value of its investment in Rand Refinery by R329.5 million for the six months ending 31 December 2014.

The Group's interest in the summarised financial statements of Rand Refinery are:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Total revenue of Rand Refinery | **377.0** | 776.0 | 907.4 |
| Total comprehensive income of Rand Refinery | **(299.0)** | 155.7 | 281.6 |
| Total assets | **872.0** | 1,459.0 | 1,039.7 |
| Total liabilities | **(1,373.0)** | (511.1) | (247.4) |
| **(Liabilities)/net assets (100.0%)** | **(501.0)** | 947.9 | 792.3 |
| Reconciliation of the total investment in associate with attributable net assets: | | | |
| Net assets (33.1%) | **(166.2)** | 313.8 | 262.3 |
| Dividend received | **(8.2)** | (8.2) | (8.2) |
| Fair value adjustment [1] | **(35.5)** | (35.5) | (35.5) |
| Impairment | **(119.6)** | – | – |
| Loan to equity-accounted investee | **384.6** | – | – |
| **Total investment in equity-accounted investee** | **55.1** | 270.1 | 218.6 |

*[1] The investment in equity-accounted investee was fair valued at 1 July 2001, the date when significant influence was obtained.*

## 20. INVESTMENTS

**Accounting policy**

Investments comprise investments in unlisted companies which are accounted for at directors' valuation adjusted for impairments where appropriate.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Unlisted** | | | |
| Carrying value and directors' valuation | **1.4** | 1.4 | 1.5 |
| **Total investments** | **1.4** | 1.4 | 1.5 |

## 21. ENVIRONMENTAL REHABILITATION OBLIGATION FUNDS

**Significant accounting judgments and estimates**

The Group's rehabilitation obligation funds consist of equity-linked investments that are fair valued at each reporting date. The fair value is calculated with reference to underlying equity instruments using industry valuation techniques and appropriate models. While Sibanye's management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the investments.

**Accounting policy**

Annual contributions are made to dedicated environmental rehabilitation obligation funds to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The amounts contributed to these funds are included under non-current assets and are measured at fair value through profit and loss. Interest earned on monies paid to rehabilitation funds is accrued on a time proportion basis and is recorded as interest income.

In addition, guarantees are provided for funding shortfalls of the environmental rehabilitation obligations.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Environmental rehabilitation obligation funds** | | | |
| Balance at beginning of the year | **1,588.1** | 1,331.1 | 1,236.6 |
| Contributions | **69.3** | 172.3 | 24.3 |
| Interest earned | **98.5** | 84.7 | 70.2 |
| Fair value adjustment [1] | **62.7** | – | – |
| Assets acquired on acquisition of subsidiaries (refer to note 14 and 16) | **374.2** | – | – |
| **Balance at end of the year** | **2,192.8** | 1,588.1 | 1,331.1 |
| Environmental rehabilitation obligation funds comprise of the following: | | | |
| Restricted cash [2] | **301.5** | 73.5 | 49.2 |
| Funds | **1,891.3** | 1,514.6 | 1,281.9 |

*[1] The environmental rehabilitation trust fund includes equity-linked investments that are fair valued at each reporting date.*

*[2] The funds are set aside to serve as collateral against the guarantees made to the Department of Minerals and Resources (DMR) for environmental rehabilitation obligations.*

The proceeds from this fund are intended to fund environmental rehabilitation obligations of the group's mines and they are not available for general purposes of the Group. All income from this asset is reinvested or spent to meet these obligations, refer to note 31.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 22. FINANCIAL GUARANTEE

**Accounting policy**
Financial guarantee contracts are accounted for as financial instruments and are recognised initially at fair value and are subsequently measured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the initial amount recognised less cumulative amortisation.

As of 18 February 2013, the Gold Fields group is no longer guaranteeing any debt of Sibanye, similarly Sibanye has been released from all of its obligations as guarantor under Gold Fields group debt, except, Sibanye remains a joint guarantor of the US$1 billion 4.875% guaranteed notes (the Notes) issued by Gold Fields Orogen Holding (BVI) Limited (Orogen), a subsidiary of Gold Fields, on 30 September 2010 maturing on 7 October 2020. Interest on these notes is due and payable semi-annually on 7 April and 7 October in arrears. The payment of all amounts due in respect of the Notes is unconditionally and irrevocably guaranteed by Gold Fields, Sibanye, Gold Fields Operations Proprietary Limited (GFO) and Gold Fields Holdings Company (BVI) Limited (GF Holdings) (collectively the Guarantors), on a joint and several basis. The Notes and guarantees constitute direct, unsubordinated and unsecured obligations of Orogen and the Guarantors, respectively, and rank equally in right of payment among themselves and with all other existing and future unsubordinated and unsecured obligations of Orogen and the Guarantors, respectively.

An indemnity agreement (the Indemnity Agreement) has been entered into between the Guarantors, pursuant to which the Guarantors (other than Sibanye) hold Sibanye harmless from and against any and all liabilities and expenses which may be incurred by Sibanye under or in connection with the Notes, including any payment obligations by Sibanye to the note holders or the trustee of the Notes pursuant to the guarantee of the Notes, all on the terms and subject to the conditions contained therein. The Indemnity Agreement will remain in place for as long as Sibanye's guarantee obligations under the Notes remain in place.

The Group initially recognised the financial guarantee liability at fair value of the guarantee in connection with the Notes. The liability is amortised over the remaining period of the Notes and should facts and circumstances change on the ability of the Gold Fields group's ability to meet its obligation under the Notes, the liability will be re-valued accordingly.

As of 18 February 2013, the Group raised a receivable under the financial guarantee asset for the future guarantee fee income that Orogen is obliged to pay bi-annually to Sibanye until it has been released as a guarantor under the Notes (Guarantee Fee Agreement).

Sibanye has ceded all of its rights, title and interest in and to the Indemnity Agreement and Guarantee Fee Agreement in favour of the lenders of the R4.5 billion Facilities, jointly and severally, as security for its obligations under the facilities.

### 22.1 FINANCIAL GUARANTEE ASSET

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at beginning of the year | **290.2** | – | – |
| Initial recognition at fair value | **–** | 282.3 | – |
| Guarantee fee received | **(53.6)** | (47.0) | – |
| Interest earned | **15.0** | 12.3 | – |
| Foreign exchange gain | **31.0** | 42.6 | – |
| **Balance at end of the year** | **282.6** | 290.2 | – |
| **Reconciliation of the non-current and current portion of the guarantee asset:** | | | |
| Financial guarantee asset | **282.6** | 290.2 | – |
| Current portion of financial guarantee asset | **(57.1)** | (51.7) | – |
| **Long-term potion of financial guarantee asset** | **225.5** | 238.5 | – |

The financial guarantee asset was discounted to a present value at 5.38%, which is a reflection of the interest rate of the Notes adjusted for risk factors.

### 22.2 FINANCIAL GUARANTEE LIABILITY

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at beginning of the year | **206.6** | 196.4 | – |
| Initial recognition at fair value | **–** | – | 210.2 |
| Amortisation of guarantee liability [1] | **(31.8)** | (28.2) | (24.1) |
| Foreign exchange loss | **22.2** | 38.4 | 10.3 |
| **Balance at end of the year** | **197.0** | 206.6 | 196.4 |

[1] *The amortisation charge of the guarantee liability is disclosed as part of the (loss)/gain on financial instruments on the face of the income statement.*

## 23. INVENTORIES

**Significant accounting judgments and estimates**

Costs that are incurred in or benefit the productive process are accumulated gold-in-process, uranium-in-process and product inventories. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot commodity prices at the reporting date, less estimated costs to complete production and bring the product to sale. If any inventories are expected to be realised in the long-term horizon, estimated future sales prices are used for valuation purposes.

**Accounting policy**

The Group's inventories comprise consumable stores and uranium stock piles. Inventory is valued at the lower of cost and net realisable value. The Group values uranium-in-process and gold-in-process when it can be reliably measured. Consumable stores are valued at weighted average cost after appropriate provision for surplus and slow-moving items.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Consumable stores | **274.9** | 187.1 | 348.9 |
| Uranium finished goods and uranium-in-process | **52.8** | – | – |
| **Total inventories** | **327.7** | 187.1 | 348.9 |

The cost of consumable stores consumed during the year and included in operating cost amounted to R3,480.4 million (2013: R2,720.7 million and 2012: R2,576.2 million.

## 24. TRADE AND OTHER RECEIVABLES

**Accounting policy**

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost less allowance for impairment. Estimates made for impairment are based on a review of all outstanding amounts at period end. Irrecoverable amounts are written off during the period in which they are identified.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Trade receivables – gold sales | **383.4** | 473.3 | 212.6 |
| Other trade receivables | **177.6** | 91.8 | 49.6 |
| Prepayments | **68.9** | 116.7 | 76.8 |
| Value added tax | **262.1** | 197.2 | 117.2 |
| Payroll debtors | **87.3** | 54.9 | 52.9 |
| Other | **13.5** | 39.9 | 49.2 |
| **Total trade and other receivables** | **992.8** | 973.8 | 558.3 |

Sibanye has ceded its trade receivables in favour of the lenders of the R4.5 billion Facilities as security, refer to note 30(a).

## 25. RELATED-PARTY RECEIVABLES

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Other trade receivables** | | | |
| Related-party receivables | **–** | – | 548.1 |
| **Total related-party receivables** | **–** | – | 548.1 |

Gold Fields Limited and its subsidiaries were related parties until the unbundling date of 18 February 2013. Refer to note 44 for further details of the Group's related parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
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## 26. CASH AND CASH EQUIVALENTS

**Accounting policy**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at amortised cost which is deemed to be fair value as they have a short-term maturity.

Bank overdrafts are included within current liabilities in the statement of financial position.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Cash at the bank and on hand | **562.9** | 1,082.4 | 291.8 |
| Restricted cash [1] | **–** | 410.0 | – |
| **Total cash and cash equivalents** | **562.9** | 1,492.4 | 291.8 |

[1] *At 31 December 2013 R410.0 million was in an escrow account, being the consideration for the Wits Gold acquisition. Refer to note 15 for further details relating to the transaction.*

Sibanye has ceded certain of its bank accounts in favour of the lenders of the R4.5 billion Facilities as security, refer to note 30(a).

## 27. STATED SHARE CAPITAL

**Accounting policy**

*Ordinary share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Authorised number of shares ('000)** | **1,000,000** | 1,000,000 | 1,000,000 |
| **Reconciliation of issued number of shares ('000)** | | | |
| Number of shares in issue at beginning of the year | **735,079** | 1 | 1 |
| Shares issued on unbundling | **–** | 731,648 | – |
| Shares issued as consideration for the acquisition of Cooke (refer to note14) | **156,895** | – | – |
| Shares issued under SGL Share Plan | **6,866** | 3,430 | – |
| **Number of shares in issue at end of the year ('000)** | **898,840** | 735,079 | 1 |

There was no change to the authorised share capital during the year. The authorised and issue share capital of the Company was converted from par value to no par value shares and the authorised share capital was increased during 2012 by the creation of an additional 999,999,000 no par value ordinary shares.

In terms of the general authority granted by the shareholders of the Company on 17 June 2014, the Board may issue authorised but unissued ordinary share capital representing not more than 5% of the issued share capital of the Company at 31 December 2013 in accordance with the memorandum of incorporation and the Companies Act.

On 15 May 2014 the Company issued 156,894,754 shares for the acquisition of Cooke (refer to note 14) in terms of the shareholder's approval on 5 November 2013 that the Company may issue 150 million ordinary shares, or such number of shares that represent 17% of the issued share capital, on a fully diluted basis for the acquisition.

All the Sibanye ordinary shares rank pari passu in all respects, there being no conversion or exchange rights attached thereto, and all of the ordinary shares will have equal rights to participate in capital, dividend and profit distributions by the Company.

## 28. NON-CONTROLLING INTEREST

**Accounting policy**

*Non-controlling interests*

The Group recognises any non-controlling interest in an acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's subsequent share of changes in equity.

**Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests where control is not lost are also recorded in equity. Where control is lost over a subsidiary, the gains or losses are recognised in profit or loss.

The Groups non-controlling interest relates to the following subsidiaries:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Non-controlling interests of Newshelf 1114 | **327.4** | – | – |
| Non-controlling interests of Goldfields Technical Security Management Proprietary Limited | **2.2** | 2.2 | 2.1 |
| Non-controlling interests of Living Gold | **–** | – | (6.7) |
| **Total non-controlling interests** | **329.6** | 2.2 | (4.6) |

**Subsidiaries that have material non-controlling interests**

*Newshelf 1114*

Sibanye has a 76% interest in Newshelf 1114, a company incorporated in the Republic of South Africa, which is involved in the mining of gold and uranium. The investment was acquired on 15 May 2014 (refer to note 14).

The current balance of 24% not owned by Sibanye forms part of the Newshelf 1114 black economic empowerment (BEE) structure. Non-controlling interest takes into account any portion of the equity of Newshelf 1114 which is indirectly attributable to the shareholders of Sibanye as a result of funding provided by Sibanye.

The Newshelf 1114 BEE partners have no voting rights until it has fully repaid the loan owed to Sibanye.

The share of non-controlling interest relating to the non-controlling interest of Newshelf 1114 consists of:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at the beginning of the year | **–** | – | – |
| Fair value of non-controlling interest on acquisition by Sibanye (refer to note 14) | **396.2** | | |
| Non-controlling interest of the share of profits and losses of Cooke (refer to note 2) | **(44.6)** | – | – |
| Transactions with Sibanye [1] | **(24.2)** | – | – |
| **Balance at the end of the year** | **327.4** | – | – |

[1] *The transaction with Sibanye relates to the interest on funding received from Sibanye.*

Summarised financial information of the Newshelf 1114 group:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Total revenue of the Newshelf 1114 group | **1,881.9** | – | – |
| Total comprehensive income of the Newshelf 1114 group | **(187.8)** | – | – |
| Non-current assets | **5,579.8** | – | – |
| Current assets | **219.0** | – | – |
| Non-current liabilities | **(5,203.0)** | – | – |
| Current-liabilities | **(816.8)** | – | – |
| **Net assets (100.0%)** | **(221.0)** | – | – |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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## 29. DEFERRED TAXATION

**Accounting policy**

Refer to note 10 for details of the accounting policy on deferred taxation.

The detailed components of the net deferred taxation liability which results from the differences between the amounts of assets and liabilities recognised for financial reporting and taxation purposes in different accounting periods are:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Deferred taxation liabilities** | | | |
| Mining assets | **5,202.8** | 3,849.7 | 4,407.1 |
| Environmental rehabilitation obligation funds | **472.7** | 414.9 | 364.4 |
| Other | **97.4** | 109.9 | 15.3 |
| **Gross deferred taxation liabilities** | **5,772.9** | 4,374.5 | 4,786.8 |
| **Deferred taxation assets** | | | |
| Environmental rehabilitation obligation | **(630.1)** | (437.8) | (487.0) |
| Other provisions | **(228.5)** | (202.0) | (133.4) |
| Taxation losses and unredeemed capital expenditure | **(995.5)** | (4.4) | (4.2) |
| Share-based payments obligation | **(101.1)** | (30.7) | – |
| **Gross deferred taxation assets** | **(1,955.2)** | (674.9) | (624.6) |
| **Net deferred taxation liabilities** | **3,817.7** | 3,699.6 | 4,162.2 |

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Included in the statement of financial position as follows:** | | | |
| Deferred taxation assets | **(51.6)** | (35.8) | (23.3) |
| Deferred taxation liabilities | **3,869.3** | 3,735.4 | 4,185.5 |
| **Net deferred taxation liabilities** | **3,817.7** | 3,699.6 | 4,162.2 |
| **Reconciliation of the deferred taxation balance:** | | | |
| Balance at beginning of the year | **3,699.6** | 4,162.2 | 5,002.0 |
| Recognised in profit or loss | **(51.1)** | (553.6) | (839.8) |
| Recognised in equity (refer to note 22.1) | **–** | 79.1 | – |
| Deferred taxation acquired on acquisition of subsidiaries (refer to note 14) | **169.2** | – | – |
| Loss of control of subsidiary | **–** | 11.9 | – |
| **Balance at end of the year** | **3,817.7** | 3,699.6 | 4,162.2 |

At 31 December 2014 the Group had the following estimated amounts available for set-off against future income:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Tax losses** | | | |
| Wits Gold | **84.9** | – | – |
| Burnstone | **1,459.6** | – | – |
| Ezulwini | **1,782.8** | – | – |
| Rand Uranium | **217.8** | – | – |
| Living Gold | **–** | – | 146.4 |
| Golden Oils Proprietary Limited | **9.8** | 9.7 | 10.1 |
| **Total gross tax losses** | **3,554.9** | 9.7 | 156.5 |
| **Other deductible temporary differences** | | | |
| Burnstone | **7,175.1** | – | – |
| Ezulwini | **2,754.1** | – | – |
| Rand Uranium | **2,487.3** | – | – |
| **Total gross tax losses other deductible temporary differences** | **15,971.4** | 9.7 | 156.5 |
| **Deferred tax assets not recognised** | | | |
| Wits Gold | **23.8** | – | – |
| Burnstone | **2,417.7** | – | – |
| Ezulwini | **1,270.3** | – | – |
| Living Gold | **–** | – | 41.0 |
| Golden Oils Proprietary Limited | **2.7** | 2.7 | 2.8 |
| **Total net tax losses** | **3,714.5** | 2.7 | 43.8 |

These deductions are available to be utilised against income generated by the relevant tax entity and do not expire unless the tax entity concerned ceases to operate for a period of longer than one year. Under South African mining tax ring-fencing legislation, each tax entity is treated separately and as such these deductions can only be utilised by the tax entities in which the deductions have been generated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 30. BORROWINGS

**Significant accounting judgments and estimates**

Borrowings are recognised initially at fair value. Expected future cash flows used to determine the fair value of borrowings are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the expected commodity price, foreign currency exchange rates, estimates of production costs, future capital expenditure and discount rates.

**Accounting policy**

Borrowings are recognised initially at fair value, net of transaction costs incurred, where applicable and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### (a) R4.5 billion Facilities

On 13 December 2013, Sibanye cancelled and replaced the Bridge Loan Facilities by drawing R2 billion under the R4.5 billion Facilities (the R4.5 billion Facilities), the balance may be applied to ongoing capital expenditure, working capital and general corporate expenditure requirements, where required.

**Terms of the R4.5 billion Facilities**

| | |
|---|---|
| Facility: | – R2.5 billion revolving credit facility (RCF)<br>– R2.0 billion term loan facility (Term Loan) |
| Interest rate: | JIBAR (Quoted at 6.13% at year-end) |
| Interest rate margin: | – RCF: 2.85% (Repricing possible if Sibanye is released as guarantor under the Notes, refer to note 22)<br>– Term Loan: 2.75% (Repricing possible if Sibanye is released as guarantor under the Notes, refer to note 22) |
| Term of loan: | Three years |
| Repayment period: | The Term Loan will be repaid in equal six-monthly instalments of R250 million, with the R750 million balance due for settlement on final maturity, being 13 December 2016 |
| Security: | Sibanye has lodged and registered a security package for its obligation under the R4.5 billion Facilities. The security package includes a cession over certain bank accounts, accounts receivables, certain insurance policies proceeds, material contracts, shares in material subsidiaries, a general notarial bond over movable assets on the mine properties of Driefontein, Kloof and Beatrix, mortgage bonds over substantially all of the properties (excluding mining rights) covering the Driefontein operation and special notarial bonds over the gold plants and main infrastructure of the Driefontein operation. Subsequent to the acquisition of Cooke Sibanye has also pledged its shares in Newshelf 1114 as security. |
| Guarantors: | Rand Uranium and Ezulwini |

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at beginning of the year | **1,990.9** | – | – |
| Loans advanced | **884.6** | 2,000.0 | – |
| Loans repaid | **(900.0)** | – | – |
| Unwinding of interest/(financing costs capitalised) | **4.0** | (9.1) | – |
| **Balance at end of the year** | **1,979.5** | 1,990.9 | – |
| **Reconciliation of facilities:** | | | |
| Term loan | **1,494.9** | 1,990.9 | – |
| RCF | **484.6** | – | – |
| **Total facilities utilised** | **1,979.5** | 1,990.9 | – |

**(b) Other borrowings**

*i) Wits Gold Loan*

Wits Gold had a R40 million short-term unsecured loan (Wits Gold Loan) outstanding as part of the net assets acquired on 14 April 2014, refer to note 15.

The purpose of the loan was to fund operational expenses. Interest, at 10.07% per annum, was payable on a monthly basis with the capital due (in full) no later than 31 December 2014. On 15 May 2014 the Wits Gold Loan was repaid.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Loans acquired | 40.0 | – | – |
| Loans repaid | (40.0) | – | – |
| **Balance at end of the year** | – | – | – |

*ii) Cooke Loan*

Cooke had R696.2 million of borrowings outstanding as part of the net assets acquired on 15 May 2014, refer to note 14. These borrowings consisted of a R616 million term loan (Cooke Loan) and a US$7.7 million (R80.2 million) liability (Franco-Nevada liability (as detailed in (iii))).

As part of the conditions precedent to the acquisition of Cooke, the Cooke Loan was to be settled on completion of the acquisition. The Group thus repaid and cancelled the loan on 15 May 2014.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Loans acquired | 616.0 | – | – |
| Loans repaid | (616.0) | – | – |
| **Balance at end of the year** | – | – | – |

*iii) Franco-Nevada liability*

On 5 November 2009, First Uranium Limited (First Uranium) (Ezulwini's holding company prior to Sibanye's acquisition of the Cooke Operations) signed an agreement with Franco-Nevada (Barbados) Corporation (Franco-Nevada).

The agreement establishes a determinable consideration for the sales of 7% of Ezulwini's production to Franco-Nevada in exchange for an upfront cash payment from Franco-Nevada to Ezulwini of US$50.0 million (Upfront Payment).

The Upfront Payment, which is guaranteed by Sibanye, is reduced by an amount equal to the difference between the spot price of gold on the date of gold delivery to Franco-Nevada and the Fixed Price, multiplied by the total ounces delivered. Cooke 4 delivers 7% of its monthly production under this agreement.

In addition, Franco-Nevada will make an on-going payment equal to the lesser of US$400/oz (the Fixed Price) (subject to inflation adjustment of 1% per annum from 30 November 2013) and the prevailing spot price at such time of such payment, for each ounce of gold delivered under the contract.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Liability acquired | 80.2 | – | – |
| Liability repaid [1] | (26.2) | – | – |
| Translation adjustment | 2.1 | – | – |
| **Balance at end of the year** | 56.1 | – | – |

*[1] The liability is reduced by an amount equal to the difference between the gold spot price on the date of delivery and the Fixed Price multiplied by the ounces delivered and is recognised as revenue. This reduction is not cash and is not reflected in the statement of cash flows. This is included in revenue.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

**30. BORROWINGS** (continued)

**(c) Burnstone Debt**

At the acquisition date, being 1 July 2014, SGEO had bank debt of US$178.1 million (R1,883.9 million) (the Burnstone Debt) (refer to note 16 for further details of the Burnstone acquisition).

**Terms of the Burnstone Debt**

| | |
|---|---|
| Facility: | – A1: US$0.2 million |
| | – A2: US$7.8 million |
| | – A3: US$51.0 million |
| | – A4: US$119.1 million |
| Interest rate: | – A1 and A2: Interest free |
| | – A3 and A4: Interest free until 1 July 2017, then at London Interbank Offered Rate (LIBOR) |
| Interest rate margin: | – A3 and A4: 4% (from 1 July 2017) |
| Term of loan: | No fixed term |
| Repayment period: | – A1: Repaid on 1 July 2014 |
| | – A2: From 1 July 2017 the first 50% of Burnstone's free cash flow will be used to repay the Wits Gold Loan and the balance of 50% to repay A2 |
| | – A3 and A4: On settlement of A2. 90% of Burnstone's free cash flow will be used to repay the Wits Gold Loan and the balance of 10% to repay the Burnstone Debt. On settlement of the Wits Gold Loan and interest, 30% of Burnstone's free cash flow will be used to repay the Burnstone Debt and the balance will be distributed to Wits Gold. |
| | – The Bank Lenders will continue to participate in 10% of Burnstone's free cash flow after the Burnstone Debt has been repaid in full to a maximum amount of US$63.0 million under a revenue participation agreement. |
| Security: | The Burnstone Debt is fully secured against the assets of Burnstone and there is no recourse to the Sibanye Group. The security package includes a cession over the bank accounts, insurance policies' proceeds, special and general notarial bonds over movable assets and mortgage bonds over property. |

The Burnstone Debt facilities of US$178.1 million (R1,883.9 million) were initially recognised at the acquisition fair value using level 2 (refer to note 42) assumptions, being R1,007.6 million, in terms of IFRS 3. The estimates and assumptions used to determine the fair value included:

- A US$ swop forward curve adjusted with the 4% interest rate margin above;
- The annual life-of-mine plan that takes into account the following:
  - Proved and probable ore reserves of Burnstone;
  - Cash flows are based on the life-of-mine plan of 23 years; and
  - Capital expenditure estimates over the life-of-mine plan.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Loans acquired | 1,007.6 | – | – |
| Loans repaid | (1.9) | – | – |
| Unwinding of interest | 39.3 | – | – |
| Translation adjustment | 89.4 | – | – |
| **Balance at end of the year** | **1,134.4** | – | – |

**(d) Bridge Loan Facilities**

On 28 November 2012, Sibanye entered into a R6.0 billion term loan and RCF (the Bridge Loan Facilities) reducing to R5.0 billion as detailed below.

**Terms of the Bridge Loan Facilities**

| | |
|---|---|
| Facility: | – R2.0 billion RCF (Facility A) increased to R3.0 billion after it was amended in July 2013 |
| | – R4.0 billion term loan facility (Facility B) reduced to R3.0 billion after it was amended in July 2013 |
| | – Facility A and B would have reduced to R2.5 billion on the earliest of the Group declaring a final dividend in respect of 2013 or 12 months after the unbundling date |
| Interest rate: | JIBAR |
| Interest rate margin: | – 3.0% for 12 months after unbundling |
| | – 3.5% for last six months of the facilities |
| | – If Sibanye was not released as guarantor under the Notes within six months of unbundling, being 18 August 2013, the margin would have increased to 3.25% and 3.75% for the seven to 12 month and 13 to 18 month periods after unbundling, respectively |
| Term of loan: | 18 months after the unbundling date |
| Repayment period: | Full payment of the outstanding amount on maturity of the loan, being 18 August 2014 |
| Cancellation: | These facilities were cancelled and repaid on 13 December 2013 |

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Loans advanced | – | 4,570.0 | – |
| Loans repaid | – | (4,570.0) | – |
| **Balance at end of the year** | – | – | – |

**(e) Long-term credit facilities**

Sibanye and GFO (collectively the Borrowers) entered into various RCFs with some of the major banks in South Africa with tenors between three and five years. The purpose of these facilities was to finance capital expenditure, general corporate and working capital requirements and to refinance existing borrowings.

**Terms of the Revolving credit facilities**

| | |
|---|---|
| Facility: | – R1.0 billion RCF entered into on 9 December 2009 |
| | – R500.0 million RCF entered into on 8 March 2010 |
| | – R2.0 billion RCF entered into on 15 December 2011 |
| Interest rate: | JIBAR |
| Interest rate margin: | – R1.0 billion RCF: 3.00% |
| | – R500.0 million RCF: 2.85% |
| | – R2.0 billion RCF: 1.95% |
| Term of loan: | – R1.0 billion RCF matures on 30 June 2013, being 3.5 years |
| | – R500.0 million RCF maturing on 10 March 2013, being three years |
| | – R2.0 billion RCF maturing on 19 December 2016, being five years |
| Repayment period: | Full payment of outstanding amounts were due on maturity |
| Guarantors: | Gold Fields and certain of its subsidiaries: GF Holdings, GFO, Orogen, Newshelf 899 Proprietary Limited and Sibanye. |
| Cancellation: | These facilities were cancelled and repaid on 18 February 2013 |

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at beginning of the year | – | 3,000.0 | – |
| Loans advanced | – | 500.0 | 3,000.0 |
| Loans repaid | – | (3,500.0) | – |
| **Balance at end of the year** | – | – | 3,000.0 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

**30. BORROWINGS** (continued)

**(f) Short-term credit facilities**

Sibanye has uncommitted loan facilities with various banks to fund the capital expenditure and working capital requirements at its operations. These facilities have no fixed terms, are short-term in nature and interest rates are market related.

| Figures in million – SA rand | 2014 | 2013 [1] | 2012 [1] |
|---|---|---|---|
| Balance at beginning of the year | – | 1,220.0 | – |
| Loans advanced | **739.0** | 550.0 | 1,220.0 |
| Loans repaid | **(739.0)** | (1,770.0) | – |
| **Balance at end of the year** | – | – | 1,220.0 |

[1] *Borrowings under these facilities were guaranteed by Gold Fields. On the date of unbundling, these facilities were refinanced by drawing down under the Bridge Loan Facilities as detailed in (d).*

**Summary**

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| (a) R4.5 billion Facilities | **1,979.5** | 1,990.9 | – |
| (b) Other borrowings | **56.1** | – | – |
| (c) Burnstone Debt | **1,134.4** | – | – |
| (e) Long-term credit facilities | – | – | 3,000.0 |
| (f) Short-term credit facilities | – | – | 1,220.0 |
| **Gross borrowings** | **3,170.0** | 1,990.9 | 4,220.0 |
| Current portion of borrowings | **(554.2)** | (499.5) | (2,220.0) |
| **Non-current borrowings** | **2,615.8** | 1,491.4 | 2,000.0 |

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:** | | | |
| Six months or less | – | – | 1,220.0 |
| Floating rate with exposure to change in JIBAR | **1,979.5** | 1,990.9 | 3,000.0 |
| Floating rate with exposure to change in LIBOR | **1,134.4** | – | – |
| **Non-current borrowings exposed to interest rate changes** | **3,113.9** | 1,990.9 | 4,220.0 |
| **The Group has the following undrawn borrowing facilities:** | | | |
| Committed [1] | **2,015.4** | 2,500.0 | 6,756.1 |
| Uncommitted | **548.0** | 499.7 | – |
| **Total undrawn facilities** | **2,563.4** | 2,999.7 | 6,756.1 |
| **All of the above facilities have floating rates. The uncommitted facilities have no expiry dates. The undrawn committed facilities have the following expiry dates:** | | | |
| – within one year | – | – | 500.0 |
| – later than one year and not later than two years | **2,015.4** | – | – |
| – later than two years and not later than three years | – | 2,500.0 | – |
| – later than three years and not later than five years | – | – | 6,256.1 |
| **Total undrawn committed facilities** | **2,015.4** | 2,500.0 | 6,756.1 |

[1] *During 2012, Sibanye was also a borrower under two Gold Fields group RCFs totalling US$1.5 billion. Sibanye never utilised these facilities and they were cancelled on 15 February 2013.*

## 31. ENVIRONMENTAL REHABILITATION OBLIGATION

**Significant accounting judgements and estimates**

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

**Accounting policy**

Provisions are recognised when the Group has a present obligation, legal or constructive resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Long-term environmental obligations are based on the Group's environmental management plans (EMPs), in compliance with applicable environmental and regulatory requirements.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates is recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. Changes in estimates are capitalised or reversed against the relevant asset. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. The present value of environmental disturbances created is capitalised to mining assets against an increase in the environmental rehabilitation obligation.

Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control environmental disturbances is charged against income as incurred. The unwinding of the discount due to the passage of time is recognised as finance cost, and the capitalised cost is amortised over the remaining lives of the mines.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at beginning of the year | **1,660.7** | 1,739.1 | 1,417.1 |
| Change in estimates [1] | **131.5** | (160.6) | 264.3 |
| Interest charge [2] | **161.5** | 92.7 | 57.7 |
| Payments made | **(10.9)** | (10.5) | – |
| Environmental rehabilitation obligation assumed on acquisition of subsidiaries (refer to note 14 and 16) | **544.0** | – | – |
| **Balance at end of the year** | **2,486.8** | 1,660.7 | 1,739.1 |

*[1] Changes in estimates are defined as changes in reserves and corresponding changes in life of mine as well as changes in laws and regulations governing environmental matters. The environmental rehabilitation obligation acquired is calculated based on the weighted average cost of capital in terms of IFRS 3 for acquisition purposes. Subsequent to initial recognition the provision is recalculated based on the risk free rate of interest in terms of IAS 37. The relating change in estimate is R153.1 million.*

*[2] The provision is calculated based on the discount rates of 7.2% – 8.6% (2013: 7.2% – 8.2% and 2012: 5.2% – 7.0%).*

The Group's mining operations are required by law to undertake rehabilitation works as part of their on-going operations. The Group makes contributions into environmental rehabilitation obligation funds (refer to note 21) and holds guarantees to fund the estimated costs.

## 32. POST-RETIREMENT HEALTHCARE OBLIGATION

**Accounting policy**

Medical cover is provided through a number of different schemes. The Group has an obligation to provide medical benefits to certain of its pensioners and dependants of ex-employees. These liabilities have been provided in full, calculated on an actuarial basis. These liabilities are unfunded. Periodic valuation of these obligations is carried out by independent actuaries using appropriate mortality tables, long-term estimates of increases in medical costs and appropriate discount rates.

Actuarial gains/losses and service costs are recognised in other comprehensive income and profit and loss, respectively, when they are incurred.

The Group has certain liabilities to subsidise the contributions payable by certain pensioners and dependants of ex-employees on a pay-as-you-go basis in terms of a defined benefit plan. The remaining obligation was actuarially valued at 31 December 2013 and the outstanding contributions will be funded over the lifetime of these pensioners and dependants.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014
## CONTINUED

### 32. POST-RETIREMENT HEALTHCARE OBLIGATION (continued)

The following table sets forth the funded status and amounts recognised for post-retirement healthcare obligation:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Actuarial present value | **15.1** | 16.3 | 17.7 |
| Plan assets at fair value | **–** | – | – |
| Accumulated benefit obligation in excess of plan assets | **15.1** | 16.3 | 17.7 |
| Unrecognised prior service costs | **–** | – | – |
| Unrecognised actuarial (gains)/losses | **–** | – | – |
| **Post-retirement healthcare obligation** | **15.1** | 16.3 | 17.7 |
| **Benefit obligation reconciliation:** | | | |
| Balance at beginning of the year | **16.3** | 17.7 | 16.8 |
| Interest charge | **1.2** | 1.3 | 2.1 |
| Payments during the year | **(2.4)** | (2.7) | (1.2) |
| **Balance at end of the year** | **15.1** | 16.3 | 17.7 |

The obligation has been valued using the projected unit credit funding method on past service liabilities. The valuation assumes a healthcare cost inflation rate of 7.5% per annum (2013 and 2012: 7.5%) and a discount rate of 8.0% per annum (2013 and 2012: 8.0%). Assumed healthcare cost trend rates have a significant impact on the amounts reported for the healthcare plans.

A one percentage point increase in assumed healthcare trend rates would have increased the interest charge for the period to December 2014 by R0.1 million (10.1%) (2013: R0.1 million (10.1%) and 2012: R0.2 million (11.0%)). The effect of the change on the accumulated post-retirement healthcare benefit obligation at 31 December 2014 would have been an increase of R1.7 million (10.1%) (2013: R1.7 million (10.1%) and 2012: R1.8 million (10.6%)).

A one percentage point decrease in assumed healthcare trend rates would have decreased interest cost for the period to 31 December 2014 by R0.1 million (8.6%) (2013: R0.1 million (8.6%) and 2012: R0.1 million (9.3%)). The effect of this change on the accumulated post-retirement healthcare benefit obligation at 31 December 2013 would have been a decrease of R1.4 million (9.5%) (2013: R1.4 million (9.5%) and 2012: R1.6 million (9.0%)).

### 33. TRADE AND OTHER PAYABLES

**Accounting policy**
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Trade creditors | **542.6** | 529.4 | 447.3 |
| Accruals and other creditors | **923.9** | 730.7 | 718.4 |
| Payroll creditors | **748.4** | 402.1 | 182.1 |
| Leave pay accrual | **482.5** | 401.4 | 400.6 |
| Other | **17.2** | 9.4 | 21.2 |
| **Total trade and other payables** | **2,714.6** | 2,073.0 | 1,769.6 |

### 34. RELATED-PARTY PAYABLES

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Other trade payables** | | | |
| Related-party payables | **–** | – | 37.5 |
| **Loans** | | | |
| GFL Mining Services Limited | **–** | – | 17,108.0 |
| **Total related-party payables** | **–** | – | 17,145.5 |

Gold Fields and its subsidiaries were related parties until the unbundling date of 18 February 2013. Refer to note 44 for further details relating to related-party balances.

## 35. CASH GENERATED BY OPERATIONS

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Profit for the year | **1,506.9** | 1,698.3 | 2,980.2 |
| Royalties | **430.5** | 414.6 | 282.1 |
| Mining and income taxation | **828.1** | 256.2 | (365.0) |
| Investment income | **(183.2)** | (160.3) | (105.5) |
| Finance expense | **400.0** | 420.3 | 176.7 |
| **Profit before interest and taxation** | **2,982.3** | 2,629.1 | 2,968.5 |
| *Non-cash and other adjusting items:* | | | |
| Amortisation and depreciation | **3,254.7** | 3,103.9 | 2,362.8 |
| Share-based payments | **417.9** | 305.8 | 263.5 |
| Share of results of equity-accounted investees after taxation | **470.7** | (51.5) | (93.1) |
| Loss/(gain) on financial instruments | **107.7** | 4.6 | (13.8) |
| Loss/(gain) on foreign exchange differences | **82.7** | (4.2) | (1.2) |
| Impairments | **275.1** | 821.0 | – |
| Reversal of impairment | **(474.1)** | – | – |
| Loss on loss of control of subsidiary | **–** | 30.2 | – |
| Other | **(35.6)** | 1.1 | (9.3) |
| **Total cash generated by operations** | **7,081.4** | 6,840.0 | 5,477.4 |

## 36. CHANGE IN WORKING CAPITAL

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Inventories | **(62.6)** | 161.8 | (97.0) |
| Trade, related and other receivables | **166.7** | 132.6 | (349.3) |
| Trade, related and other payables | **110.4** | 265.9 | (201.7) |
| Living Gold working capital | **–** | 8.4 | – |
| **Total change in working capital** | **214.5** | 568.7 | (648.0) |

## 37. ROYALTIES PAID

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at beginning of the year | **(240.0)** | (74.4) | (206.0) |
| Royalties | **(430.5)** | (414.6) | (282.1) |
| Amount owing at end of the year | **20.4** | 240.0 | 74.4 |
| **Total royalties paid** | **(650.1)** | (249.0) | (413.7) |

## 38. TAXATION PAID

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Balance at beginning of the year | **(527.2)** | (22.2) | (527.8) |
| Taxation obligation acquired on acquisition of subsidiary (refer to note 14) | **(4.3)** | – | – |
| Current taxation | **(879.2)** | (809.8) | (474.8) |
| Amount owing at end of the year | **63.6** | 527.2 | 22.2 |
| **Total taxation paid** | **(1,347.1)** | (304.8) | (980.4) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

CONTINUED

## 39. COMMITMENTS

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Capital expenditure** | | | |
| *– authorised* | **4,717.4** | 4,206.3 | 4,340.7 |
| Kloof | **1,851.0** | 1,847.6 | 1,966.1 |
| Driefontein | **1,177.1** | 1,387.1 | 1,470.1 |
| Beatrix | **270.8** | 965.0 | 897.9 |
| Cooke | **650.5** | – | – |
| Burnstone | **768.0** | – | – |
| Other | **–** | 6.6 | 6.6 |
| *– contracted for* | **350.5** | 286.9 | 511.4 |
| Other guarantees | **55.5** | 4.1 | 4.1 |

Commitments will be funded from internal sources and to the extent necessary from borrowings. This expenditure primarily relates to hostel upgrades, mining activities and infrastructure. Also refer to note 22 and 28 for debt guarantees provided by the Group.

## 40. CONTINGENT LIABILITIES

**Significant accounting judgements and estimates**

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within the control of the Group occur or fail to occur or for contingent liabilities a present obligation arising from a past event but is not recognised because either it is not probable that an out-flow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be determined with sufficient reliability. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

**Occupational healthcare services**

The Group provides occupational healthcare services to its employees through its existing facilities at the various operations. There is a risk that the cost of providing such services could increase in the future depending upon changes in the nature of underlying legislation and the profile of employees. Any such increased cost cannot be quantified. The Group is monitoring developments in this regard.

The principal health risks associated with Sibanye's mining operations in South Africa arise from occupational exposure to silica dust, noise, heat and certain hazardous chemicals. The most significant occupational diseases affecting Sibanye's workforce include lung diseases (such as silicosis, tuberculosis, a combination of the two and chronic obstructive airways disease (COAD) as well as noise induced hearing loss (NIHL). The Occupational Diseases in Mines and Works Act, 78 of 1973, or ODMWA, governs the compensation paid to mining employees who contract certain illnesses, such as silicosis. Recently, the South African Constitutional Court ruled that a claim for compensation under ODMWA does not prevent an employee from seeking compensation from its employer in a civil action under common law (either as individuals or as a class). While issues, such as negligence and causation, need to be proved on a case by case basis, it is possible that such ruling could expose Sibanye to claims related to occupational hazards and diseases (including silicosis), which may be in the form of a class or similar group action. If Sibanye were to face a significant number of such claims and the claims were suitably established against it, the payment of compensation for the claims could have a material adverse effect on Sibanye's results of operations and financial position. In addition, Sibanye may incur significant additional costs arising out of these issues, including costs relating to the payment of fees, levies or other contributions in respect of compensatory or other funds established (if any) and expenditures arising out of its efforts to resolve any outstanding claims or other potential action.

On 21 August 2012, a court application was served on a group of respondents that included Sibanye (the August Respondents). On 21 December 2012, a further court application was issued and was formally served on a number of respondents, including Sibanye (the December Respondents and, together with the August Respondents, the Respondents), on 10 January 2013, on behalf of classes of mine workers, former mine workers and their dependants who were previously employed by, or who are currently employed by, amongst others, Sibanye and who allegedly contracted silicosis and/or other occupational lung diseases (the Classes). The court application of 21 August 2012 and the court application of 21 December 2012 are together referred to below as the Applications.

These Applications request that the court certify a class action to be instituted by the applicants on behalf of the Classes. The Applications are the first and preliminary steps in a process where, if the court were to certify the class action, the applicants may, in a second stage, bring an action wherein they will attempt to hold the Respondents liable for silicosis and other occupational lung diseases and resultant consequences. In the second stage, the Applications contemplate addressing what the applicants describe as common legal and factual issues regarding the claim arising from the allegations of the entire Classes. If the applicants are successful in the second stage, they envisage that individual members of the Classes could later submit individual claims for damages against the respective Respondents. The Applications do not identify the number of claims that may be instituted against the Respondents or the quantum of damages the applicants may seek.

With respect to the Applications, Sibanye filed a notice of its intention to oppose the application and instructed its attorneys to defend the claims. The two class actions were consolidated into one action during 2013. Sibanye and its attorneys further engaged with the applicants' attorneys and the court in both Applications to try to establish a court-sanctioned process to agree the timelines. Such a process was agreed upon and timelines imposed by means of a timetable. Sibanye has thus far filed all its papers opposing the Applications. The date for the hearing of the Applications is currently the weeks of 12 and 19 October 2015.

Anglo American South Africa, AngloGold Ashanti, Gold Fields, Harmony and Sibanye Gold announced in November 2014 that they have formed an industry working group to address issues relating to compensation and medical care for occupational lung disease (OLD) in the gold mining industry in South Africa.

The companies have begun to engage all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These legal proceedings are being defended.

Essentially, the companies are seeking a comprehensive solution which deals both with the legacy compensation issues and future legal frameworks and which, while being fair to employees, also ensures the future sustainability of companies in the industry.

At this stage, Sibanye cannot quantify the potential liability from the action as the Application is currently for certification of a class nor the timing of possible out flow.

**Financial guarantee**
Refer to note 22.

**Post closure water management liability**
The Group has identified a minor risk of potential long-term Acid Mine Drainage (AMD), on certain of its operations. AMD relates to the acidification and contamination of naturally occurring water resources by pyrite-bearing ore contained in underground mines and in rock dumps, tailings dams and pits on the surface. The Group has not been able to reliably determine the financial impact that AMD might have on the Group, nor the timing of possible out flow, however, the Group has adopted a proactive approach by initiating projects such as Sibanye Amanzi (long-term water management strategy), the acquisition and development of innovative treatment technologies; and the development of regional mine closure models to predict water quality impacts. The Group operates a comprehensive water quality monitoring program, including bio-monitoring, as an early detection of potential AMD.

## 41. EVENTS AFTER THE REPORTING DATE

There were no events that could have a material impact on the financial results of the Group after 31 December 2014, other than those disclosed below.

**Final dividend declared**
On 19 February 2015 a final dividend in respect of the six months ended 31 December 2014 of 62 SA cents per share was approved by the Board and payable on 23 March 2015. This dividend is not reflected in these financial statements. The final dividend will be subject to Dividend Withholding Tax.

## 42. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

**Significant accounting judgements and estimates**
The estimated fair value of financial instruments is determined at discrete points in time, based on the relevant market information. The fair value is calculated with reference to market rates using industry valuation techniques and appropriate models. If a financial instrument does not have a quoted market price and the fair value cannot be measured reliably, it will be stated at cost. This exemption only applies to investments in equity instruments classified as available for sale.

**Accounting policy**
Financial instruments recognised in the statement of financial position include cash and cash equivalents, investments, trade and other receivables, related party receivables, borrowings, trade and other payables, related party payables and derivative financial instruments.

The Group initially recognises loans and receivables on the date they originate. All other financial assets (including assets designated at fair value through profit and loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Any interest in such transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability. The particular recognition and measurement methods adopted are disclosed in the individual policy statements associated with each item.

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that/those event(s) had an impact on the estimated future cash flows of that asset, that can be estimated reliably. Impairment losses are recognised through profit and loss.

On derecognition of a financial asset or liability, the difference between the carrying amount of the asset or liability and the sum of the consideration received and cumulative gains recognised in equity is recognised in profit and loss.

Refer to the relevant notes for the accounting policies of the following financial assets and financial liabilities:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 42. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

**Accounting policy** (continued)

– Investments

– Cash and cash equivalents

– Trade and other receivables

– Trade and other payables

– Financial guarantees

– Borrowings

– Environmental rehabilitation obligation funds

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- **Trade and other receivables/payables, related-party receivables/payables, cash and cash equivalents and financial guarantee asset and liability**
  The carrying amounts approximate fair values due to the short maturity of these instruments.

- **Investments and environmental rehabilitation obligation funds**
- The fair value of publicly traded instruments is based on quoted market values. The environmental rehabilitation obligation funds are stated at fair value based on the nature of the funds' investments.

- **Borrowings**
  The fair value of borrowings approximates its carrying amounts as the impact of credit risk is included in the measurement of carrying amounts.

- **Financial instruments**
  The fair value of financial instruments is estimated based on ruling market prices, volatilities and interest rates at 31 December 2014. All derivatives are carried in the statement of financial position at fair value.

  The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:
  **Level 1:** unadjusted quoted prices in active markets for identical asset or liabilities;
  **Level 2:** inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
  **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| Figures in million – SA rand | Carrying value | | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair value through profit and loss | Loans and other receivables | Available for sale | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| **31 December 2014** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| *Not measured at fair value:* | | | | | | | | | |
| – Cash and cash equivalents | – | 562.9 | – | – | 562.9 | | | | |
| – Trade and other receivables | – | 661.8 | – | – | 661.8 | | | | |
| – Financial guarantee asset | – | 282.6 | – | – | 282.6 | | | | |
| *Measured at fair value:* | | | | | | | | | |
| – Environmental rehabilitation obligation funds | 2,192.8 | – | – | – | 2,192.8 | 2,192.8 | – | – | 2,192.8 |
| – Investments | – | – | 1.4 | – | 1.4 | – | – | 1.4 | 1.4 |
| **Financial liabilities** | | | | | | | | | |
| *Not measured at fair value:* | | | | | | | | | |
| – Trade and other payables | – | – | – | 2,232.1 | 2,232.1 | | | | |
| – Financial guarantee liability | – | – | – | 197.0 | 197.0 | | | | |
| – Borrowings | – | – | – | 3,170.0 | 3,170.0 | | | | |
| **31 December 2013** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| *Not measured at fair value:* | | | | | | | | | |
| – Cash and cash equivalents | – | 1,492.4 | – | – | 1,492.4 | | | | |
| – Trade and other receivables | – | 659.9 | – | – | 659.9 | | | | |
| – Related-party receivables | – | 290.2 | – | – | 290.2 | | | | |
| Measured at fair value: | | | | | | | | | |
| – Environmental rehabilitation obligation funds | 1,588.1 | – | – | – | 1,588.1 | 1,588.1 | – | – | 1,588.1 |
| – Investments | – | – | 1.4 | – | 1.4 | – | – | 1.4 | 1.4 |
| **Financial liabilities** | | | | | | | | | |
| *Not measured at fair value:* | | | | | | | | | |
| – Trade and other payables | – | – | – | 1,671.6 | 1,671.6 | | | | |
| – Financial guarantee liability | – | – | – | 206.6 | 206.6 | | | | |
| – Borrowings | – | – | – | 1,990.9 | 1,990.9 | | | | |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014
## CONTINUED

### 42. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

| | Carrying value | | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|---|
| Figures in million – SA rand | Fair value through profit and loss | Loans and other receivables | Available for sale | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| **31 December 2012** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| *Not measured at fair value:* | | | | | | | | | |
| – Cash and cash equivalents | – | 291.8 | – | – | **291.8** | | | | |
| – Trade and other receivables | – | 364.3 | – | – | **364.3** | | | | |
| – Related-party receivables | – | 548.1 | – | – | **548.1** | | | | |
| *Measured at fair value:* | | | | | | | | | |
| – Environmental rehabilitation obligation funds | 1,331.1 | – | – | – | **1,331.1** | 1,073.9 | 257.2 | – | **1,331.1** |
| – Investments | – | – | 1.5 | – | **1.5** | – | – | 1.5 | **1.5** |
| **Financial liabilities** | | | | | | | | | |
| *Not measured at fair value:* | – | | | | | | | | |
| – Trade and other payables | – | – | – | 1,369.0 | **1,369.0** | | | | |
| – Financial guarantee liability | – | – | – | 196.4 | **196.4** | | | | |
| – Borrowings | – | – | – | 4,220.0 | **4,220.0** | | | | |
| – Related-party payables | – | – | – | 17,145.5 | **17,145.5** | | | | |

**Environmental rehabilitation obligation funds**
Comprises interest-bearing short-term investments valued using quoted market prices.

**Unlisted investments**
Comprise investments in unlisted companies which are accounted for at directors' valuation adjusted for impairments where appropriate.

## 43. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the Group is exposed to commodity price, currency, interest rate, liquidity and credit risk. In order to manage these risks, the Group has developed a comprehensive risk management process to facilitate control and monitoring of these risks.

**Controlling and managing risk in the Group**

Sibanye has policies in areas such as counterparty exposure, hedging practices and prudential limits which have been approved by Sibanye's Board of Directors (the Board). Management of financial risk is centralised at Sibanye's treasury department (Treasury), which acts as the interface between Sibanye's Operations and counterparty banks. Treasury manages financial risk in accordance with the policies and procedures established by the Board and Executive Committee (Exco).

The Board has approved dealing limits for money market, foreign exchange and commodity transactions, which Treasury is required to adhere to. Among other restrictions, these limits describe which instruments may be traded and demarcate open position limits for each category as well as indicating counterparty credit-related limits. The dealing exposure and limits are checked and controlled each day and reported to the Chief Financial Officer.

The objective of Treasury is to manage all financial risks arising from the Group's business activities in order to protect profit and cash flows. Treasury activities of Sibanye and its subsidiaries are guided by the Treasury Policy, the Treasury Framework as well as domestic and international financial market regulations. Treasury activities are currently performed within the Treasury Framework with appropriate resolutions from the Board, which are reviewed and approved annually by the Audit Committee.

The financial risk management objectives of the Group are defined as follows:

- **Liquidity risk management:** the objective is to ensure that the Group is able to meet its short-term commitments through the effective and efficient management of cash and usage of credit facilities.
- **Currency risk management:** the objective is to maximise the Group's profits by minimising currency fluctuations.
- **Funding risk management:** the objective is to meet funding requirements timeously and at competitive rates by adopting reliable liquidity management procedures.
- **Investment risk management:** the objective is to achieve optimal returns on surplus funds.
- **Interest rate risk management:** the objective is to identify opportunities to prudently manage interest rate exposures.
- **Counterparty exposure:** the objective is to only deal with approved counterparts that are of a sound financial standing and who have an official credit rating. The Group is limited to a maximum investment of 2.5% of the financial institutions' equity, which is dependent on the institutions' credit rating. The credit rating used is Fitch Ratings' short-term credit rating for financial institutions.
- **Commodity price risk management:** commodity risk management takes place within limits and with counterparts as approved in the treasury framework.
- **Operational risk management:** the objective is to implement controls to adequately mitigate the risk of error and/or fraud.
- **Banking relations management:** the objective is to maintain relationships with credible financial institutions and ensure that all contracts and agreements related to risk management activities are co-ordinated and consistent throughout the Group and that they comply where necessary with all relevant regulatory and statutory requirements.

**Credit risk**

Credit risk represents risk that an entity will suffer a financial loss due to the other party of a financial instrument not discharging its obligation.

The Group has reduced its exposure to credit risk by dealing with a number of counterparties. The Group approves these counterparties according to its risk management policy and ensures that they are of good credit quality.

Trade receivables are reviewed on a regular basis and an allowance for impairment is raised when they are not considered recoverable.

The combined maximum credit risk exposure is as follows:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Environmental rehabilitation obligation funds | **2,192.8** | 1,588.1 | 1,331.1 |
| Trade and other receivables | **661.8** | 659.9 | 364.3 |
| Related-party receivables | **–** | – | 548.1 |
| Cash and cash equivalents | **562.9** | 1,492.4 | 291.8 |
| Financial guarantee asset | **282.6** | 290.2 | – |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

**43. RISK MANAGEMENT ACTIVITIES** (continued)

Trade receivables comprise banking institutions purchasing gold bullion. These receivables are in a sound financial position and no impairment has been recognised.

Trade and other receivables above exclude VAT and pre-payments.

Receivables that are past due but not impaired total R19.4 million (2013: R10.4 million and 2012: R7.3 million). At 31 December 2014, receivables of R0.3 million (2013: R0.8 million and 2012: R5.2 million) are considered impaired and are provided for.

Concentration of credit risk on cash and cash equivalents and non-current assets is considered minimal due to the abovementioned investment risk management and counterparty exposure risk management policies.

**Liquidity risk**

In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent possible by investing only with top financial institutions.

Uncommitted borrowing facilities are maintained with several banking counterparties to meet the Group's normal and contingency funding requirements.

The following are contractually due, undiscounted cash flows resulting from maturities of financial liabilities including interest payments:

| Figures in million – SA rand | Total | Within one year | Between one and five years | After five years |
|---|---|---|---|---|
| **31 December 2014** | | | | |
| Trade and other payables | **2,232.1** | **2,232.1** | **–** | **–** |
| Financial guarantee [1] | **11,560.0** | **11,560.0** | **–** | **–** |
| Borrowings [2] | | | | |
| – Capital | **4,041.0** | **500.0** | **1,574.6** | **1,966.4** |
| – Interest | **1,754.9** | **124.3** | **81.9** | **1,548.7** |
| **Total** | **19,588.0** | **14,416.4** | **1,656.5** | **3,515.1** |
| **31 December 2013** | | | | |
| Trade and other payables | **1,671.6** | 1,671.6 | – | – |
| Financial guarantees [1] | **10,340.0** | 10,340.0 | – | – |
| Borrowings [2] | | | | |
| – Capital | **2,000.0** | 500.0 | 1,500.0 | – |
| – Interest | **334.8** | 153.6 | 181.2 | – |
| **Total** | **14,346.4** | 12,665.2 | 1,681.2 | – |
| **31 December 2012** | | | | |
| Trade and other payables | **1,369.0** | 1,369.0 | – | – |
| Financial guarantees [1] | **15,168.9** | 15,168.9 | – | – |
| Related-party payables | **17,145.5** | 17,145.5 | – | – |
| Borrowings [2] | | | | |
| – Capital | **4,220.0** | 2,220.0 | 2,000.0 | – |
| – Interest | **590.0** | 176.1 | 413.9 | – |
| **Total** | **38,493.4** | 36,079.5 | 2,413.9 | – |

*[1] Financial guarantee relates to Sibanye's gross exposure in respect of the Gold Fields group's borrowings at 31 December 2014, 2013 and 2012.*
*[2] Borrowings – JIBAR and LIBOR at 31 December 2014 adjusted by specific facility agreement between 4.00% and 5.22%.*

**Market risk**

The Group is exposed to market risks, including foreign currency, commodity price, equity securities price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, the Group may enter into derivative financial instruments to manage some of these exposures.

**Sensitivity analysis**

The sensitivity analysis shows the effects of reasonable possible changes of relevant risk variables on profit and loss or shareholders' equity. The Group is exposed to commodity price, currency and interest rate risks. The effects are determined by relating the reasonable possible change in the risk variable to the balance of financial instruments at period end date.

The amounts generated from the sensitivity analyses are forward-looking estimates of market risks assuming certain adverse or favourable market conditions occur. Actual results in the future may differ materially from those projected results and therefore should not be considered a projection of likely future events and gains/losses.

**Foreign currency sensitivity**

*General and policy*

In the ordinary course of business, the Group enters into transactions, such as gold sales, denominated in foreign currencies, primarily US dollar. Although this exposes the Group to transaction and translation exposure from fluctuations in foreign currency exchange rates, the Group does not generally hedge this exposure, although it could be considered for significant expenditures based in foreign currency or those items which have long lead times to produce or deliver. Also, the Group on occasion undertakes currency hedging to take advantage of favourable short-term fluctuations in exchange rates when management believes exchange rates are at unsustainably high levels.

Currency risk only exists on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature. This includes but is not limited to financial guarantee (refer to note 22), Franco-Nevada liability (refer to note 30(b)(iii)) and Burnstone Debt (refer to note 30(c)).

*Foreign currency hedging experience*

As at 31 December 2014, 2013 and 2012 there were no material foreign currency contract positions.

**Commodity price sensitivity**

*Gold*

The market price of gold has a significant effect on the results of operations of the Group and the ability of the Group to pay dividends and undertake capital expenditures. The gold price has historically fluctuated widely and is affected by numerous industry factors over which the Group does not have any control. The aggregate effect of these factors on the gold price, all of which are beyond the control of the Group, is impossible for the Group to predict.

**Commodity price hedging policy**

*Gold*

As a general rule, the Group does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for future gold production. Gold hedging could, however, be considered in future under one or more of the following circumstances: to protect cash flows at times of significant capital expenditure; financing projects or to safeguard the viability of higher cost operations.

To the extent that it enters into commodity hedging arrangements, the Group seeks to use different counterparty banks consisting of local and international banks to spread risk. None of the counterparties is affiliated with, or related to parties of, the Group.

*Commodity price hedging experience*

As at 31 December 2014, 2013 and 2012 there were no commodity price contracts.

**Interest rate sensitivity**

*General*

As the Group has no significant interest-bearing assets. The Group's interest rate risk arises from long-term borrowings.

As of 31 December 2014, the Group's total borrowings amounted to R3,170.0 million (2013: R1,990.9 million and 2012: R4,220.0 million). The Group generally does not undertake any specific action to cover its exposure to interest rate risk, although it may do so in specific circumstances. Refer to note 30 for all the borrowings and the relevant interest rates per facility.

The portion of Sibanye's interest-bearing debt at period end that is exposed to interest rate fluctuations is R1,979.5 million (2013: R1,990.9 million and 2012: R4,220.0 million). This debt is normally rolled for periods between one and three months and is therefore exposed to the rate changes in this period.

R1 979.5 million (2013: R1,990.9 million and 2012: R4,220.0 million), the total debt exposed to interest rate fluctuations at the end of the period is exposed to changes in the JIBAR rate. The relevant interest rates for each facility are described in note 30.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 43. RISK MANAGEMENT ACTIVITIES (continued)

The table below summarises the effect of a change in finance expense on the Group's profit and loss had JIBAR differed as indicated. The analysis is based on the assumption that the applicable interest rate increased/decreased with all other variables held constant. All financial instruments with fixed interest rates that are carried at amortised cost are not subject to the interest rate sensitivity analysis.

**Interest rate sensitivity analysis**

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| **Sensitivity to JIBAR interest rates** | | | |
| ***Change in interest for a:*** | | | |
| 1.5% Increase in JIBAR | **31.5** | 54.6 | 20.9 |
| 1.0% Increase in JIBAR | **21.0** | 36.4 | 13.9 |
| 0.5% Increase in JIBAR | **10.5** | 18.2 | 7.0 |
| 0.5% Decrease in JIBAR | **(10.5)** | (18.2) | (7.0) |
| 1.0% Decrease in JIBAR | **(21.0)** | (36.4) | (13.9) |
| 1.5% Decrease in JIBAR | **(31.5)** | (54.6) | (20.9) |

## 44. RELATED-PARTY TRANSACTIONS

Sibanye entered into related-party transactions with Rand Refinery, Gold Fields and its subsidiaries during the year as detailed below. The transactions with these related parties are generally conducted with terms comparable to transactions with third parties, however in certain circumstances such as related-party loans, the transactions were not at arm's length.

After the unbundling Gold Fields and its subsidiaries are no longer considered to be related parties of the Group, notwithstanding a transitional services agreement entered into before the unbundling.

Refer to the Remuneration Report on pages 154 to 159 for key management remuneration.

**Rand Refinery**

Rand Refinery, in which Sibanye holds a 33.1% interest, has an agreement with the Group whereby it refines all the Group's gold production. No dividends were received during the years ended 31 December 2014, 2013 and 2012. Refer to note 19 for the loan granted to Rand Refinery.

**Gold Fields group**

As indicated in the accounting policies, Sibanye was a wholly owned subsidiary of Gold Fields up to the unbundling date, thus transactions with the Gold Fields group prior to the unbundling, as well as transactions per the transitional services agreement that was entered into with the Gold Fields group prior to the unbundling to continue providing services up to a certain date after the unbundling are considered to be related party transactions.

Transactions that were related-party transactions up to the unbundling and per the transitional services agreement have ceased, been cancelled and settled. These services by the Group to Gold Fields and by Gold Fields Group Services Proprietary Limited (GFGS) to the Group included corporate functions and infrastructure support, purchasing, administration, security, training, medical, corporate communications, human resources and benefit management, treasury and finance, investor relations, corporate controller, internal audit, legal and tax advice, compliance regarding internal controls and information technology functions, on a transitional basis up to November 2013.

During 2012 and up to unbundling GFGS charged a management fee (corporate expenditure) relating to the provision of corporate services such as financial reporting, treasury, tax and legal services, secretarial, technical services and human resources. Corporate expenditure costs were determined based on the time spent by the Gold Fields corporate staff on providing the above mentioned services to the Group.

Refer to note 22 for details relating to the Gold Fields guarantee and fees received for the guarantee.

The table below details the transactions and balances between the Group and its related-parties:

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| ***Income from services rendered to Gold Fields group companies (refer to note 8)*** | | | |
| Administration services | – | 33.2 | 69.6 |
| Security services | – | 34.2 | 28.9 |
| Training services | – | 16.0 | 14.8 |
| Medical services | – | 19.0 | 16.5 |
| ***Expenditure*** | | | |
| Management fees paid to Gold Fields Group Services | – | (12.5) | (66.7) |
| Refining fees paid to Rand Refinery | **(30.6)** | (12.1) | (12.9) |
| ***Trade receivables from Gold Fields group companies*** | | | |
| Gold Fields Group Services | – | – | 134.9 |
| South Deep Mine | – | – | 290.8 |
| Gold Fields Ghana | – | – | 59.2 |
| Other Gold Fields group companies | – | – | 63.2 |
| ***Trade payables to Gold Fields group companies*** | | | |
| Gold Fields Group Services | – | – | (37.6) |
| ***Loans payable to Gold Fields group companies*** | | | |
| GFLMS Loan [1] | – | – | (17,108.0) |
| ***Loan receivable from other related-parties*** | | | |
| Rand Refinery | **384.6** | – | – |

*[1] This loan was unsecured, interest-free and had no fixed terms of repayment. Refer to note 1 where this loan was repaid as part of the unbundling.*

## 45. CAPITAL MANAGEMENT

The Group's primary objective with regards to managing its capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that: optimises the cost of capital; maximises shareholders' returns; and ensures that the Group remains in a sound financial position.

There were no changes to the Group's overall capital management approach during the current year.

The Group manages and makes adjustments to the capital structure as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. Opportunities in the market are also monitored closely to ensure that the most efficient funding solutions are implemented.

The Group monitors capital using the ratio of net external debt to earnings (operating profit) before interest, taxes, depreciation and amortisation (EBITDA), but does not set absolute limits for this ratio. The Group is comfortable with a ratio of net debt to EBITDA of one times or lower.

| Figures in million – SA rand | 2014 | 2013 | 2012 |
|---|---|---|---|
| Borrowings [1] | **2,035.6** | 1,990.9 | 4,220.0 |
| Cash and cash equivalents [2] | **529.6** | 1,492.4 | 291.8 |
| Net debt [3] | **1,506.0** | 498.5 | 3,928.2 |
| EBITDA [4] | **7,469.1** | 7,357.9 | 5,729.7 |
| Net debt to EBITDA (Ratio) | **0.20** | 0.07 | 0.69 |

*[1] Borrowings are only those borrowings that have recourse to Sibanye. Borrowings thus exclude the Burnstone Debt (refer to note 30). Borrowings at 31 December 2012 also excludes related-party loans.*

*[2] Cash and cash equivalents exclude cash of Burnstone.*

*[3] Net debt excludes Burnstone Debt, Burnstone cash and related-party loans.*

*[4] EBITDA is net operating profit before depreciation and amortisation.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**
**CONTINUED**

## 46. LIQUIDITY

The Group's current liabilities exceeded its current assets by R1,630.1 million as at 31 December 2014. Current liabilities at 31 December 2014 include the financial guarantee liability of R197.0 million which does not reflect the true liquidity of Sibanye per se, as Sibanye believes that Gold Fields is currently in the position to meet its obligations under its US$1 billion 4.875% guaranteed notes.

The current portion of borrowings of R554.2 million includes the two semi-annual repayments due and payable in June and December 2015, respectively.

Sibanye generated cash from operating activities of R4.1 billion for the year ended 31 December 2014. If the acquisition related cash outflows during the year are added back to the cash from operating activities, the Group would have had R1.3 billion in additional cash on the statement of financial position, confirming the strong cash generating ability of the Group. Over and above the Group has committed unutilised debt facilities of R2.0 billion at 31 December 2014.

The Directors believe that the cash-generated by its operations and the remaining balance of the Group's revolving credit facility will enable the Group to continue to meet its obligations as they fall due.

# SHAREHOLDER INFORMATION

**Registered shareholder spread**

| Shareholder spread | Number of holders | % of total shareholders | Number of shares | % of issued capital |
|---|---|---|---|---|
| 1—1,000 shares | 13,103 | 83.30 | 2,516,717 | 0.28 |
| 1,001—10,000 shares | 1,852 | 11.77 | 7,111,418 | 0.79 |
| 10,001 – 100,000 shares | 464 | 2.95 | 30,075,544 | 3.35 |
| 100,001—1,000,000 shares | 243 | 1.55 | 85,234,450 | 9.48 |
| 1,000,001 shares and above | 68 | 0.43 | 773,902,067 | 86.10 |
| **Total** | **15,730** | **100.00** | **898,840,196** | **100.00** |

**Public and non-public shareholdings**

| Shareholder type | Number of holders | % of total shareholders | Number of shares | % of issued capital |
|---|---|---|---|---|
| Non-public shareholders | 8 | 0.05 | 15,435,731 | 1.72 |
| • Directors | 5 | 0.03 | 183,392 | 0.02 |
| • Share trust | 1 | 0.01 | 13,525,394 | 1.51 |
| • Own holding | 2 | 0.01 | 1,726,945 | 0.19 |
| Public shareholders | 15,722 | 99.95 | 883,404,465 | 98.28 |
| **Total** | **15,730** | **100.00** | **898,840,196** | **100.00** |

**Beneficial shareholdings above 3%**

| Beneficial shareholdings | Total shareholding | % |
|---|---|---|
| Gold One | 178,004,754 | 19.80 |
| Government Employees Pension Fund (PIC) | 74,234,416 | 8.26 |

**Beneficial shareholder categories**

| Category | Total shareholding | % of issued capital | Number of holders | % |
|---|---|---|---|---|
| American Depositary Receipts (ADRs) | 244,432,718 | 27.19 | 76 | 0.48 |
| Other Managed Funds | 221,165,757 | 24.61 | 101 | 0.64 |
| Unit Trusts/Mutual Funds | 163,473,879 | 18.19 | 212 | 1.35 |
| Pension Funds | 151,677,904 | 16.87 | 202 | 1.28 |
| Private Investors | 26,114,186 | 2.91 | 104 | 0.66 |
| Trading Position | 23,396,648 | 2.60 | 27 | 0.17 |
| Custodians | 23,253,139 | 2.59 | 64 | 0.41 |
| Sovereign Wealth | 20,148,644 | 2.24 | 12 | 0.08 |
| Insurance Companies | 10,826,937 | 1.20 | 15 | 0.09 |
| Exchange Traded Fund (ETF) | 6,392,989 | 0.71 | 12 | 0.08 |
| Corporate Holding | 2,753,663 | 0.31 | 3 | 0.02 |
| University | 2,519,255 | 0.28 | 9 | 0.06 |
| Charity | 1,398,737 | 0.16 | 6 | 0.04 |
| Investment Trust | 588,029 | 0.07 | 4 | 0.02 |
| Local Authority | 218,352 | 0.02 | 1 | 0.01 |
| Hedge Fund | 123,000 | 0.01 | 1 | 0.01 |
| Foreign Government | 71,000 | 0.01 | 2 | 0.01 |
| Stock Brokers | 39,466 | 0.00 | 1 | 0.01 |
| Remainder | 245,893 | 0.03 | 14,878 | 94.58 |
| **Total** | **898,840,196** | **100.00** | **15,730** | **100.00** |

# SHAREHOLDER INFORMATION

**Investment management shareholdings above 3%**

| Investment manager | Total shareholding | % |
|---|---|---|
| Allan Gray Proprietary Limited | 89,681,047 | 9.98 |
| Public Investment Corporation (SOC) Limited | 71,372,617 | 7.94 |
| Old Mutual Plc | 47,870,156 | 5.33 |
| Van Eck Associates Corporation | 45,569,180 | 5.07 |
| Dimensional Fund Advisors | 37,800,158 | 4.21 |
| Investec | 29,171,028 | 3.25 |

**Foreign custodians above 3%**

| Custodian | Total shareholding | % |
|---|---|---|
| Bank of New York Depositary Receipts | 244,432,718 | 27.19 |
| State Street Bank and Trust Company | 39,949,001 | 4.44 |
| Chase Nominees Limited | 30,289,746 | 3.37 |

# ADMINISTRATION AND CORPORATE INFORMATION

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## CORPORATE SECRETARY

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## SIBANYE GOLD LIMITED

Incorporated in the Republic of South Africa
Registration number 2002/031431/06
Share code: SGL
Issuer code: SGL
ISIN – ZAE E000173951

## LISTINGS

JSE: SGL
NYSE: SBGL

## WEBSITE

www.sibanyegold.co.za

## DIRECTORS

Sello Moloko* (Chairman)
Neal Froneman (CEO)
Charl Keyter (CFO)
Chris Chadwick#
Robert Chan*
Timothy Cumming*
Barry Davison*
Rick Menell*
Nkosemntu Nika*
Keith Rayner*
Zola Skweyiya*
Susan van der Merwe*
Jerry Vilakazi*

* *Independent non-executive*
\# *Non-executive*

## JSE SPONSOR

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