

audit committee report

for the year ended 31 December 2013

The Audit Committee has accepted 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 52. 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, among other things, to monitor and review:

- the effectiveness of the internal audit function;
- audit findings, audit reports and the appointment of external auditors;
- reports of both internal and external auditors;
- evaluation of the performance of the CFO;
- the adequacy and effectiveness of

the Group's enterprise-wide risk management policies, processes and mitigating strategies;

- 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 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.

The Audit Committee is responsible for recommending the appointment of a firm of external auditors to the Board who in turn will recommend the appointment to the shareholders. The Audit Committee is also responsible for determining that the

designated appointee has the necessary experience, qualifications and skills and that the audit fee is adequate.

The Audit Committee reviewed and assessed the independence of the external auditor, including 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 Audit Committee is satisfied that KPMG Inc. is independent of the Group. An audit fee for the year of R10.9 million was approved. 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 approved 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 2014 financial year with Jacques Erasmus as the Group audit engagement partner.

The Audit Committee has satisfied itself that both KPMG Inc. and Jacques Erasmus are accredited in terms of the JSE Listing 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

audit committee report continued

for the year ended 31 December 2013

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 can be appointed or dismissed by the Audit Committee. The Audit Committee is satisfied that the 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'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 2013.

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. During the year the IT team conducted a global ISO 27001 security standard gap analysis. This determined the areas of weakness which were then addressed by implementing an Information Security Management System aligned to the ISO 27001 standard.

The Audit Committee evaluated the expertise and performance of the CFO during 2013. 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 can be relied upon as the basis for preparation of the consolidated financial statements.

The Audit Committee considered and discussed this Integrated Report with both management and the external auditors.

During this process, the Audit Committee:

- evaluated significant judgements 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 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 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 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 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
Chairman, Audit Committee
 25 April 2014