notes to the consolidated financial statements

for the year ended 31 December 2013

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 JSE Limited 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 the Kloof, Driefontein and Beatrix Operations as well as a number of service company subsidiaries, collectively referred to as the Group.

Sibanye was a wholly-owned subsidiary of Gold Fields for the year ended 31 December 2012.

On 1 February 2013, Gold Fields subscribed for a further 731,647,614 shares in Sibanye at a subscription price of R17,246 million (US$1,955 million). Sibanye used R17,108 million (US$1,940 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' 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 International Financial Reporting Standards (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 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 liabilities (including derivative instruments), which are measured at fair value through profit or loss or through the fair financial value adjustment reserve in equity.

Standards, interpretations and amendments to published standards effective for the year ended 31 December 2013

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 1 (Amendment)	Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 19 (Amendment)	Employee Benefits: Defined Benefit Plans	1 January 2013
IAS 27 (Revision)	Separate Financial Statements (2011)	1 January 2013
IAS 28 (Amendment)	Investments in Associates and Joint Ventures (2011)	1 January 2013
IFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 11 (New Standard)	Joint Arrangements	1 January 2013
IFRS 13 (New Standard)	Fair Value Measurement	1 January 2013
IFRIC 20 (New Interpretation)	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Consolidated financial statements

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

1.2 BASIS OF PREPARATION (continued)

During the financial year, the following new and revised accounting standards and amendments to standards became effective and have an impact on the Group's financial statements:

Pronouncement	Title	Effective date
IFRS 10 (New Standard)	*Consolidated Financial Statements* • IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees; • Control is reassessed as facts and circumstances change; and • IFRS 10 supersedes IAS 27 (2008) and SIC-12 Consolidation – Special Purpose Entities. Refer to note 13 for the Substantive loss of control over a 60% controlled subsidiary, Living Gold Proprietary Limited. Management's assessment has found that none of the other entities controlled by the Group have been impacted by the standard.	1 January 2013
IFRS 12 (New Standard)	*Disclosure of Interests in Other Entities* IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate: • The nature of, and risks associated with, an entity's interests in other entities; and • The effects of those interests on the entity's financial position, financial performance and cash flows. The impacts have been incorporated in the notes to the financial statements.	1 January 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* The amendment clarifies the transition guidance in IFRS 10 Consolidated Financial Statements. The impacts have been incorporated in the notes to the financial statements.	1 January 2013
Various IFRSs	Annual improvements project is a collection of amendments to IFRS and are the result of conclusions reached by the Board on proposals made at its annual improvements project. The impacts have been incorporated in the notes to the financial statements.	1 January 2013

1. ACCOUNTING POLICIES (continued)

1.2 BASIS OF PREPARATION (continued)

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 are not expected to be significant. These standards, amendments and interpretations are:

Pronouncement	Title	Effective date
IFRS 9 (New standard)	IFRS 9 Financial Instruments (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.	1 January 2015
IFRS 9 (New standard)	IFRS 9 Financial Instruments (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.	To be decided
IAS 19 (Amendment)	*Defined Benefit Plans: Employee Contributions* 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: • set out in the formal terms of the plan; • linked to service; and • independent of the number of years of service.	1 January 2015
IAS 32 (Amendment)	*Offsetting Financial Assets and Financial Liabilities* The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is: • Not contingent on a future event; and • Enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.	1 January 2014
IAS 36 (Amendment)	*Recoverable Amount Disclosures for Non-Financial Assets* 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.	1 January 2014
IAS 39 (Amendment)	*Novation of Derivatives and Continuation of Hedge Accounting* IAS 39 Financial Instruments: Recognition and Measurement requires an entity to discontinue hedge accounting if the derivative hedging instrument is novated to a clearing counterparty, unless the hedging instrument is being replaced as part of the entity's original documented hedging strategy.	1 January 2014

* Effective date refers to annual period beginning on or after said date.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

1.2 BASIS OF PREPARATION (continued)

Significant accounting judgements and estimates

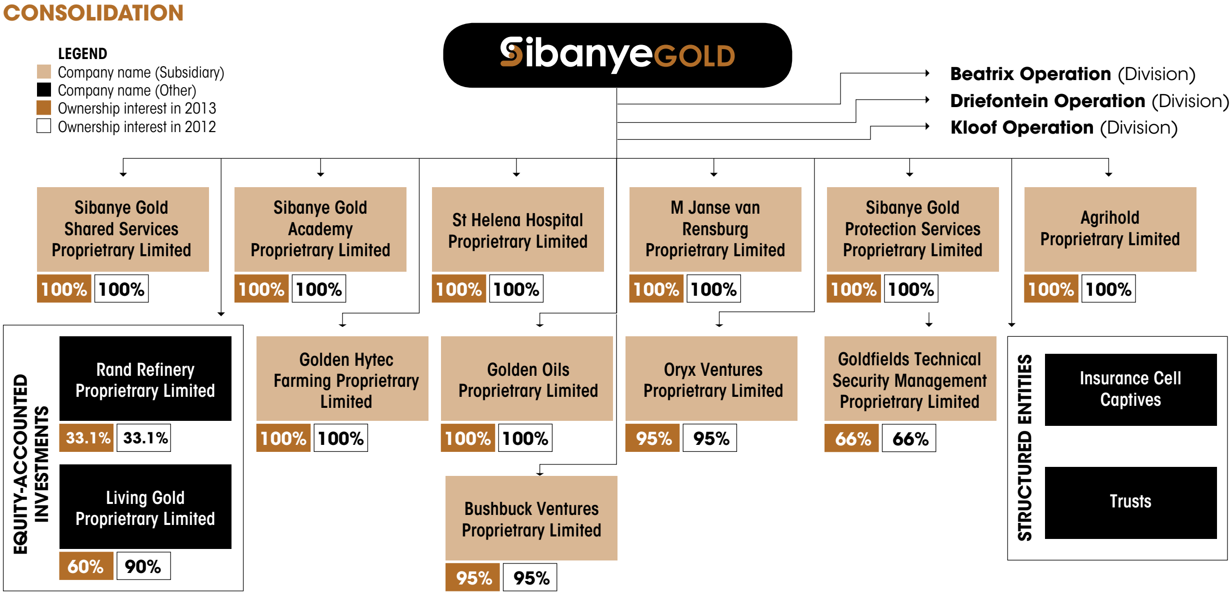
Use of estimates: The preparation of the financial statements requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts 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, 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 they affect.

1.3 CONSOLIDATION



(a) Beatrix, Driefontein and Kloof operations are divisions of Sibanye and not separate legal entities. These are also the Group's three main operating segments, refer to note 2.

(b) Although the Group owns 60% of Living Gold Proprietary Limited (Living Gold), the management of Living Gold have substantive control of the entity in terms of IFRS 10, refer to note 13.

(c) After the loss of control of Living Gold, refer to note 13, the R2.2 million (US$0.2 million) non-controlling interests in the statement of changes in equity relates to the attributable share of accumulated profits of Goldfields Technical Security Management Proprietary Limited.

(d) Sibanye has ceded and pledged its shares in Sibanye Gold Shared Services Proprietary Limited in favour of the lenders of the R4.5 billion Facilities as security, refer to note 24(a).

1. ACCOUNTING POLICIES (continued)

1.3 CONSOLIDATION (continued)

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.

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.

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 are consolidated by the Group.

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.

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.

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 Company'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 financial statements into US dollar is based on the average exchange rate for the year for the income statement and cash flow 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

continued

for the year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

1.5 COMPARATIVES

Where necessary, comparative periods may be adjusted to conform to changes in presentation.

The distributable reserve "Transactions with non-controlling interests" of R3,648.5 million (US$512.1 million) previously included in other reserves has been combined with Accumulated loss to indicate the nature of the reserve with effect from 31 December 2011.

With effect from 1 January 2013 the Group changed its classification of environmental rehabilitation inflation from operating costs to finance expenses to better reflect the nature of the expense as well as to align it with its peers. The previous comparative period has been reclassified to conform to the current year's presentation. This resulted in R49.8 million (US$6.1 million) for the year ended 31 December 2012 being reclassified from operating cost to finance expense. This reclassification had no effect on profit before royalties and taxation.

With effect from 1 January 2013 the Group has disclosed other income and other costs separately in order to enhance disclosure as they were previously disclosed as a net amount in other costs. The 31 December 2012 amount of R121.3 million (US$14.8 million), has been reclassified as other income R247.2 million (US$30.1 million) (refer to note 8) and other costs R368.5 million (US$44.9 million). This reclassification had no effect on profit before royalties and taxation.

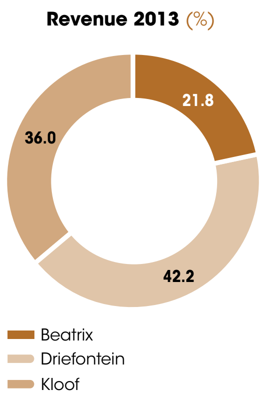
The reclassifications have no impact on the opening balances of the statement of financial position, therefore no third statement of financial position has been prepared in terms of IAS 1.

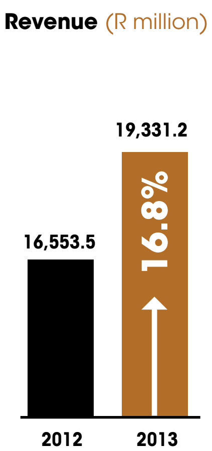
2. SEGMENT REPORTING

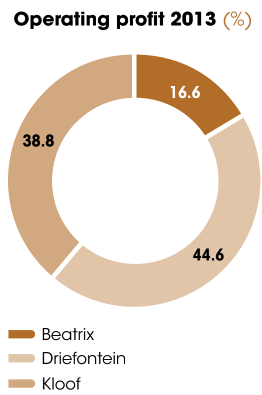
Accounting policy

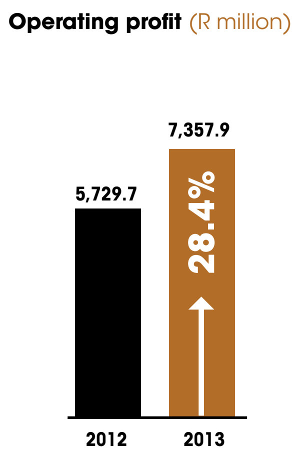
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and is based on individual mining operations. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

Subsequent to the unbundling from the Gold Fields group, management has presented the Driefontein and Kloof segments separately and not in aggregate as the Kloof Driefontein Complex (KDC), this is in line with how the information from these operations is reviewed by, and reported to the executive committee. The comparitive amounts for 2012, previously reported an aggregate of KDC has been split to conform to the current year's presentation.









2. **SEGMENT REPORTING** (continued)

	31 December 2012				SA rand	31 December 2013				
Corporate[1]	Beatrix	Kloof	Driefontein	Group	Figures in million	**Group**	**Driefontein**	**Kloof**	**Beatrix**	**Corporate[1]**
–	3,913.0	6,693.9	5,946.6	16,553.5	Revenue	**19,331.2**	**8,162.7**	**6,954.4**	**4,214.1**	**–**
–	(2,622.4)	(3,899.0)	(4,302.4)	(10,823.8)	Operating costs	**(11,973.3)**	**(4,881.2)**	**(4,100.7)**	**(2,991.4)**	**–**
–	1,290.6	2,794.9	1,644.2	5,729.7	**Operating profit**	**7,357.9**	**3,281.5**	**2,853.7**	**1,222.7**	**–**
(18.1)	(631.8)	(726.4)	(986.5)	(2,362.8)	Amortisation and depreciation	**(3,103.9)**	**(1,458.0)**	**(1,096.5)**	**(528.1)**	**(21.3)**
(18.1)	658.8	2 068.5	657.7	3,366.9	**Net operating profit**	**4,254.0**	**1,823.5**	**1,757.2**	**694.6**	**(21.3)**
11.2	19.3	36.8	38.2	105.5	Investment income	**160.3**	**55.0**	**47.4**	**27.5**	**30.4**
(5.3)	(29.9)	(78.5)	(63.0)	(176.7)	Finance expense	**(420.3)**	**(193.6)**	**(152.3)**	**(72.8)**	**(1.6)**
(105.6)	(42.3)	(43.5)	(72.1)	(263.5)	Share-based payments	**(305.8)**	**(61.1)**	**(47.2)**	**(41.8)**	**(155.7)**
164.5	(30.3)	(65.1)	(53.6)	15.5	Net other costs[2]	**(24.7)**	**(67.0)**	**(70.5)**	**(40.4)**	**153.2**
0.3	(8.0)	(58.4)	(84.3)	(150.4)	Non-recurring items[3]	**(1,294.4)**	**(159.5)**	**(125.6)**	**(900.1)**	**(109.2)**
–	(70.5)	(145.3)	(66.2)	(282.1)	Royalties	**(414.6)**	**(198.3)**	**(147.1)**	**(69.2)**	**–**
(24.4)	(121.5)	(306.3)	(22.6)	(474.8)	Current taxation	**(809.8)**	**(427.7)**	**(273.5)**	**(97.5)**	**(11.1)**
16.9	238.2	207.4	377.3	839.8	Deferred taxation	**553.6**	**174.0**	**18.3**	**336.3**	**25.0**
39.5	613.8	1,615.6	711.4	2,980.2	**Profit for the year**	**1,698.3**	**945.3**	**1,006.7**	**(163.4)**	**(90.3)**
					Profit/(loss) attributable to:					
38.9	613.8	1,615.6	711.4	2,979.6	Owners of the parent	**1,692.4**	**945.3**	**1,006.7**	**(163.4)**	**(96.2)**
0.6	–	–	–	0.6	Non-controlling interest holders	**5.9**	**–**	**–**	**–**	**5.9**
22.5	210.7	504.5	241.3	979.0	Sustaining capital expenditure	**1,018.5**	**320.2**	**459.8**	**200.6**	**37.9**
–	447.5	830.8	849.6	2,127.9	Ore reserve development	**1,883.0**	**702.8**	**843.8**	**336.4**	**–**
22.5	658.2	1,335.3	1,090.9	3,106.9	**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] Net other costs consists of (loss)/gain on financial instruments; 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 of R51.5 million (2012: R93.1 million).

[3] Non-recurring items consists 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

continued

for the year ended 31 December 2013

2. SEGMENT REPORTING (continued)

31 December 2012					US dollar	31 December 2013				
Corporate[1]	Beatrix	Kloof	Driefontein	Group	Figures in million	Group	Driefontein	Kloof	Beatrix	Corporate[1]
–	477.8	817.3	726.1	2,021.2	Revenue	2,013.7	850.3	724.4	439.0	–
–	(320.2)	(476.1)	(525.3)	(1,321.6)	Operating costs	(1,247.2)	(508.4)	(427.2)	(311.6)	–
–	157.6	341.2	200.8	699.6	**Operating profit**	766.5	341.9	297.2	127.4	–
(2.3)	(77.1)	(88.7)	(120.5)	(288.5)	Amortisation and depreciation	(323.3)	(151.9)	(114.2)	(55.0)	(2.2)
(2.3)	80.5	252.5	80.3	411.1	**Net operating profit**	443.2	190.0	183.0	72.4	(2.2)
1.3	2.4	4.5	4.7	12.9	Investment income	16.7	5.7	4.9	2.9	3.2
(0.7)	(3.6)	(9.5)	(7.8)	(21.6)	Finance expense	(43.8)	(20.1)	(15.8)	(7.6)	(0.3)
(12.9)	(5.2)	(5.3)	(8.8)	(32.2)	Share-based payments	(31.9)	(6.4)	(4.9)	(4.4)	(16.2)
20.2	(3.7)	(8.0)	(6.6)	1.9	Net other costs[2]	1.6	(6.9)	(7.3)	–	15.8
–	(1.0)	(7.1)	(10.3)	(18.4)	Non-recurring items[3]	(139.0)	(16.6)	(13.1)	(98.0)	(11.3)
–	(8.6)	(17.7)	(8.1)	(34.4)	Royalties	(43.2)	(20.7)	(15.3)	(7.2)	–
(3.0)	(14.8)	(37.4)	(2.8)	(57.9)	Current taxation	(84.4)	(44.6)	(28.5)	(10.1)	(1.2)
2.0	29.1	25.3	46.1	102.5	Deferred taxation	57.7	18.2	1.9	35.0	2.7
4.7	74.9	197.3	86.9	363.9	**Profit for the year**	176.9	98.5	104.9	(17.0)	(9.5)
					Profit/(loss) attributable to:					
4.6	74.9	197.3	86.9	363.8	Owners of the parent	176.3	98.5	104.9	(17.0)	(10.1)
0.1	–	–	–	0.1	Non-controlling interest holders	0.6	–	–	–	0.6
2.7	25.7	61.6	29.5	119.6	Sustaining capital expenditure	106.1	33.4	47.9	20.9	3.9
–	54.7	101.4	103.7	259.8	Ore reserve development	196.1	73.2	87.9	35.0	–
2.7	80.4	163.0	133.2	379.4	**Total capital expenditure**	302.2	106.6	135.8	55.9	3.9

Figures may not add as they are rounded independently.

The average exchange rate for the year end 31 December 2013 was R9.60/US$ (2012: R8.19/US$).

[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] Net other costs consists of (loss)/gain on financial instruments; 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 of US$5.4 million (2012: US$11.4 million).

[3] Non-recurring items consists 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 and 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.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
2,021.2	**2,013.7**	Revenue from mining activities	**19,331.2**	16,553.5
2,021.2	**2,013.7**	**Total revenue**	**19,331.2**	16,553.5

4. COST OF SALES

Accounting policy

The following accounting policies relate 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.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
(707.1)	**(641.2)**	Salaries and wages	**(6,155.9)**	(5,790.8)
(314.6)	**(283.4)**	Consumable stores	**(2,720.7)**	(2,576.2)
(258.3)	**(241.2)**	Utilities	**(2,315.4)**	(2,115.2)
(114.3)	**(96.7)**	Mine contracts	**(928.2)**	(936.5)
(187.1)	**(180.8)**	Other	**(1,736.1)**	(1,533.0)
259.8	**196.1**	Ore reserve development costs capitalised[1]	**1,883.0**	2,127.9
(1,321.6)	**(1,247.2)**	**Operating costs**	**(11,973.3)**	(10,823.8)
(288.5)	**(323.3)**	Amortisation and depreciation	**(3,103.9)**	(2,362.8)
(1,610.1)	**(1,570.5)**	**Total cost of sales**	**(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 R548.6 million (US$57.2 million) (2012: R514.7 million (US$62.8 million)).

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

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.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Interest income on:		
8.6	**8.8**	Environmental rehabilitation obligation funds	**84.7**	70.2
4.3	**6.6**	Cash balances	**63.3**	35.3
–	**1.3**	Financial guarantee asset	**12.3**	–
12.9	**16.7**	**Total investment income**	**160.3**	105.5

6. FINANCE EXPENSE

Accounting policy

Finance expense comprises interest on borrowings, post-retirement healthcare obligation and environmental rehabilitation obligation offset by interest 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.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Interest charge on:		
(13.9)	**(33.3)**	Borrowings	**(319.4)**	(114.2)
(7.0)	**(9.7)**	Environmental rehabilitation obligation	**(92.7)**	(57.7)
(0.3)	**(0.1)**	Post-retirement healthcare obligation	**(1.3)**	(2.1)
(0.4)	**(0.7)**	Other	**(6.9)**	(2.7)
(21.6)	**(43.8)**	**Total finance expense**	**(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 require 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 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 out flow 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.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

7. SHARE-BASED PAYMENTS (continued)

In terms of the previously existing Gold Fields Share Plans, all Gold Fields shares vested pro rata ("no fault termination" rules applied) to Sibanye 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).

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		(a) Sibanye Gold Limited 2013 Share Plan		
–	**(16.0)**	Performance shares	**(154.3)**	–
–	**(1.8)**	Bonus shares	**(17.8)**	–
		(b) Sibanye Gold Limited Phantom Share Scheme		
–	**(4.4)**	Performance shares	**(41.9)**	–
–	**(5.0)**	Bonus shares	**(48.2)**	–
–	**(0.3)**	Phantom share dividends	**(2.3)**	–
		(c) Gold Fields Limited 2012 Share Plan		
(7.6)	**(1.5)**	Performance shares	**(13.1)**	(62.3)
(5.0)	**(0.3)**	Bonus shares	**(2.9)**	(40.6)
		(d) Gold Fields Limited 2005 Share Plan		
(17.9)	**(2.4)**	Performance vesting restricted shares	**(23.1)**	(146.7)
(1.7)	**(0.2)**	Performance allocated share appreciation rights	**(2.2)**	(13.9)
(32.2)	**(31.9)**	**Total share-based payments**	**(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. For further details of the SGL Share Plan refer to the remuneration report on page 91.

Details of the options granted under this plan to employees are detailed below:

Performance shares (PS)		Number of instruments	Bonus Shares (BS)	
2012	**2013**		**2013**	2012
		Movement during the year:		
–	**28,568,317**	Granted to replace Gold Fields Share Plans	**702,915**	–
–	**4,118,870**	Granted during the year	**1,135,455**	–
–	**(1,523,111)**	Exercised and released	**(638,086)**	–
–	**(3,080,373)**	Forfeited	**(64,829)**	–
–	**28,083,703**	**Outstanding at end of the year**	**1,135,455**	–

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.

7. SHARE-BASED PAYMENTS (continued)

(a) Sibanye Gold Limited 2013 Share Plan (continued)

Performance shares (PS) 2012	Performance shares (PS) 2013	Monte Carlo simulation	Bonus Shares (BS) 2013	Bonus Shares (BS) 2012
		The inputs to the models for options granted during the year were as follows:		
–	64.6%	– 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)	64.6%	–
–	3	– expected term (years)	n/a	–
–	n/a	– expected term (months)	9 – 18	–
–	2.5%	– expected dividend yield	2.5%	–
–	6.0%	– weighted average three-year risk-free interest rate (based on SA interest rates)	6.0%	–
–	n/a	– marketability discount	3.0%	–
–	12.55	– weighted average fair value	8.34	–

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 above plan at 31 December 2013 amounts to R184.0 million (US$17.8 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 (10%) 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 29,219,158 (4%) of the total issued ordinary share capital of Sibanye Gold Limited at 31 December 2013.

(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) 2012	Performance shares (PS) 2013	Number of instruments	Bonus Shares (BS) 2013	Bonus Shares (BS) 2012
		Movement during the year:		
–	17,539,440	Granted during the year	7,002,146	–
–	(55,393)	Vested and paid	(68,007)	–
–	(1,054,281)	Forfeited	(404,735)	–
–	16,429,766	**Outstanding at end of the year**	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.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

7. SHARE-BASED PAYMENTS (continued)

(b) Sibanye Gold Limited Phantom Share Scheme (continued)

The compensation cost related to awards not yet recognised under the above scheme at 31 December 2013 amounts to R196.3 million (US$19.0 million) and is to be spread over three years.

Reconciliation of the share-based payment obligation:

US dollar		Figures in million	SA rand	
2012	2013		2013	2012
–	–	Balance at beginning of the year	–	–
–	9.7	Share-based payments expensed	92.5	–
–	3.4	Fair value adjustment of obligation[1]	32.8	–
–	(0.4)	Payments made[2]	(3.9)	–
–	(0.9)	Translation adjustment	–	–
–	11.8	**Balance at end of the year**	121.4	–
		Reconciliation of the non-current and current portion of the share-based payments obligation:		
–	7.4	Share-based payment obligations	76.2	–
–	4.4	Current portion of share-based payment obligations	45.2	–
–	11.8	**Total share-based payments obligation**	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 AGM 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 seeked to attract, retain, motivate and reward participating employees on a basis which seeks 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)		Number of instruments	Bonus Shares (BS)	
2012	2013		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

7. **SHARE-BASED PAYMENTS** (continued)

(c) **Gold Fields Limited 2012 Share Plan** (continued)

The shares that were granted during 2013 were 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 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.

Performance shares (PS)		Monte Carlo Simulation	**Bonus Shares (BS)**	
2012	**2013**		**2013**	2012
		The inputs to the models for options granted during the year were as follows:		
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 seeked to attract, retain, motivate and reward participating employees on a basis which seeked 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**		
PVRS	SARS	Average instrument price (cps)		**PVRS**	**SARS**	**Average instrument price (cps)**
3,290,075	1,211,778	107.79	Outstanding at 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**	**–**	**–**	**–**

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

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:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
8.5	**3.5**	Administration services[1]	**33.2**	69.6
3.5	**3.6**	Security services[2]	**34.2**	29.0
3.3	**3.1**	Training services[3]	**30.0**	27.0
14.8	**12.6**	Medical services[4]	**121.9**	121.6
30.1	**22.8**	**Total service revenue**[5]	**219.3**	247.2

[1] Sibanye Gold Shared Services Proprietary Limited (Shared Services), provides administration services to the Group and historically to certain entities of the Gold Fields group (refer to note 38 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 charged on that.

[2] Sibanye Gold Protection Services Proprietary Limited provides security services to the Group and to certain entities of the Gold Fields group (refer to note 38 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 38 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 38 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. ROYALTIES, 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 income 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 income 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 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.

9. ROYALTIES, 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.

9.1 ROYALTIES

The Mineral and Petroleum Resource Royalty Act 2008 (Royalty Act) was promulgated on 24 November 2008 and became effective from 1 March 2010. The 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% has been introduced on refined minerals. The effective rate of royalty tax payable for the year ended 31 December 2013 was approximately 2.1% of mining revenue (2012: 1.7%).

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
(34.4)	**(43.2)**	Current year charge	**(414.6)**	(282.1)
(34.4)	**(43.2)**	**Total royalties**	**(414.6)**	(282.1)

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

9. ROYALTIES, MINING AND INCOME TAXATION (continued)

9.2 MINING AND INCOME TAXATION

The components of mining and income taxation are the following:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
(52.2)	**(80.4)**	Mining tax	**(771.0)**	(428.3)
(1.0)	**(2.9)**	Non-mining tax	**(27.7)**	(8.1)
(2.8)	**(1.3)**	Company and capital gain tax	**(12.7)**	(22.8)
(1.9)	**0.2**	Prior year adjustment current tax	**1.6**	(15.6)
(57.9)	**(84.4)**	Total current tax	**(809.8)**	(474.8)
102.5	**57.7**	Deferred tax	**553.6**	839.8
44.6	**(26.7)**	**Total mining and income taxation**	**(256.2)**	365.0

Reconciliation of the Group's income tax to the maximum South African statutory mining tax rate of 34.0% (2012: 34%):

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		South African statutory tax rates		
		Mining tax[1]	**Y=34-170/X**	Y=34-170/X
		Non-mining tax[2]	**28.0%**	28.0%
		Company tax rate	**28.0%**	28.0%
(108.6)	**(69.2)**	Tax on profit before taxation at maximum South African statutory mining tax rate	**(664.5)**	(889.2)
34.5	**34.3**	South African mining tax formula rate adjustment	**329.6**	282.4
2.0	**(6.6)**	Rate adjustment to reflect the company tax rate of 28%	**(63.7)**	16.6
(10.9)	**(7.6)**	Non-deductible share-based payments	**(72.6)**	(89.6)
5.1	**0.1**	Net non-taxable income and non-deductible expenditure	**1.4**	41.3
122.5	**22.3**	Deferred tax release on reduction of rate[3,4]	**213.6**	1,003.5
44.6	**(26.7)**	**Mining and income taxation**	**(256.2)**	365.0

[1] Mining tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. Mining taxable income is determined after the deduction of all mining capital expenditure, with the proviso 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

[3] The change in the estimated long term deferred tax rate at which the temporary differences will reverse amounted to a tax credit of R213.6 million (US$22.3 million) during 2013.

[4] During the budget speech in February 2012, the minister of finance announced that secondary tax on companies (STC) will 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 (US$122.5 million) during 2012.

9. ROYALTIES, MINING AND INCOME TAXATION (continued)
9.2 MINING AND INCOME TAXATION (continued)

At 31 December 2013, the Group had the following estimated amounts available for set-off against future income:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Tax losses		
17.1	**–**	Living Gold Proprietary Limited (refer to note 13)	**–**	146.4
1.2	**0.9**	Golden Oils Proprietary Limited	**9.7**	10.1
18.3	**0.9**	**Total gross tax losses**	**9.7**	156.5
		Deferred tax assets not recognised		
4.8	**–**	Living Gold Proprietary Limited (refer to note 13)	**–**	41.0
0.3	**0.3**	Golden Oils Proprietary Limited	**2.7**	2.8
5.1	**0.3**	**Total net tax losses**	**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. South African tax losses have no expiration date.

10. EARNINGS PER SHARE

Accounting policy

Earnings per share 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.

10.1 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.

US dollar		Weighted average number of shares ('000)	SA rand	
2012	**2013**		**2013**	2012
1	**735,079**	Ordinary shares in issue	**735,079**	1
–	**(84,458)**	Adjustment for weighting of ordinary shares in issue	**(84,458)**	–
1	**650,621**	**Weighted average number of shares**	**650,621**	1
363.8	**176.3**	**Profit attributable to owners of Sibanye ('million)**	**1,692.4**	2,979.6
36,380,000	**27**	**Basic earnings per share – cents**	**260**	297,960,000

10.2 DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the diluted 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.

US dollar		Weighted average number of shares ('000)	SA rand	
2012	**2013**		**2013**	2012
1	**650,621**	Weighted average number of shares	**650,621**	1
–	**13,667**	Potential ordinary shares	**13,667**	–
1	**664,288**	**Diluted weighted average number of shares**	**664,288**	1
36,380,000	**27**	**Diluted earnings per share – cents**	**255**	297,960,000

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

10. EARNINGS PER SHARE (continued)

10.3 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.

US dollar		Figures in million	SA rand	
Gross	Net of tax	31 December 2013	Net of tax	Gross
		Reconciliation of profit attributable to owners of Sibanye to headline earnings:		
	176.3	Profit attributable to owners of Sibanye	1,692.4	
(0.6)	(0.4)	Profit on disposal of property, plant and equipment	(3.9)	(5.5)
89.7	64.6	Impairment	591.1	821.0
3.1	3.1	Loss on loss of control of subsidiary	30.2	30.2
	243.6	**Headline earnings**	2,309.8	
	37	**Headline earnings per share – cents**	355	

US dollar		Figures in million	SA rand	
Gross	Net of tax	31 December 2012	Net of tax	Gross
		Reconciliation of profit attributable to owners of Sibanye to headline earnings:		
	363.8	Profit attributable to owners of Sibanye	2,979.6	
(0.3)	(0.2)	Profit on disposal of property, plant and equipment	(1.7)	(2.4)
	363.6	**Headline earnings**	2,977.9	
	36,360,000	**Headline earnings per share – cents**	297,790,000	

10.4 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.

US dollar			SA rand	
2012	2013		2013	2012
36,360,000	37	**Diluted headline earnings per share – cents**	348	297,790,000

11. 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 12 September 2013 an interim dividend of 37 cents per share was declared by the board of directors.

On 19 February 2014 a final dividend in respect of the financial period ended 31 December 2013 of 75 cents per share was approved by the Board payable on 17 March 2014. This dividend is not reflected in these financial statements. The final dividend will be subject to Dividend Withholding Tax that was introduced with effect from 1 April 2012.

11. DIVIDENDS (continued)

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
95.5	**–**	Pre-unbundling dividend paid to Sibanye's then only shareholder, Gold Fields	**–**	731.3
–	**27.1**	Dividend declared and paid	**271.9**	–
9,550,000	**4**	Dividend per share – cents	**37**	73,130,000

12. 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.

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.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Significant accounting judgements and estimates (continued)

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.

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.

The Group is required to determine and report on, *inter alia*, the Mineral Reserves in accordance with the South African Mineral Resource Committee (SAMREC) code.

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 economic 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.

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 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, is 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.

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Accounting policy (continued)

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 ore 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.

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.

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

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

continued

for the year ended 31 December 2013

12. PROPERTY, PLANT AND EQUIPMENT (continued)

US dollar			Figures in million	SA rand		
Land, mineral rights and rehabilitation	Mine development, infrastructure and other	Total	31 December 2013	Total	Mine development, infrastructure and other	Land, mineral rights and rehabilitation
			Cost			
178.0	4,648.5	**4,826.5**	Balance at beginning of the year	**41,362.3**	39,837.7	1,524.6
–	302.2	**302.2**	Additions	**2,901.5**	2,901.5	–
(16.7)	–	**(16.7)**	Change in estimates of rehabilitation assets	**(160.6)**	–	(160.6)
–	(1.6)	**(1.6)**	Disposals	**(15.2)**	(15.2)	–
–	(11.3)	**(11.3)**	Loss of control of subsidiary	**(117.2)**	(117.2)	–
(29.4)	(817.2)	**(846.6)**	Translation adjustment	**–**	–	–
131.9	4,120.6	**4,252.5**	**Balance at end of the year**	**43,970.8**	42,606.8	1,364.0
			Accumulated depreciation and impairment losses			
87.3	2,828.2	**2,915.5**	Balance at beginning of the year	**24,986.2**	24,238.0	748.2
8.9	314.4	**323.3**	Amortisation and depreciation	**3,103.9**	3,018.7	85.2
4.9	84.8	**89.7**	Impairment	**821.0**	776.6	44.4
–	(1.4)	**(1.4)**	Disposals	**(13.8)**	(13.8)	–
–	(7.5)	**(7.5)**	Loss of control of subsidiary	**(77.5)**	(77.5)	–
(16.2)	(516.2)	**(532.4)**	Translation adjustment	**–**	–	–
84.9	2,702.3	**2,787.2**	**Balance at end of the year**	**28,819.8**	27,942.0	877.8
47.0	1,418.3	**1,465.3**	**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 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's mining assets by R821.0 million (US$89.7 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 a average gold price of R425,000/kg.

Security

Refer to note 24 for further details relating to assets pledged as security under the R4.5 billion Facilities.

12. PROPERTY, PLANT AND EQUIPMENT (continued)

US dollar			Figures in million	SA rand		
Land, mineral rights and rehabilitation	Mine development, infrastructure and other	**Total**	31 December 2012	**Total**	Mine development, infrastructure and other	Land, mineral rights and rehabilitation
			Cost			
155.0	4,517.6	**4,672.6**	Balance at beginning of the year	**37,988.0**	36,727.7	1,260.3
–	379.4	**379.4**	Additions	**3,106.9**	3 106.9	–
32.3	–	**32.3**	Change in estimates of rehabilitation assets	**264.3**	–	264.3
–	(1.1)	**(1.1)**	Disposals	**(8.6)**	(8.6)	–
–	1.4	**1.4**	Other	**11.7**	11.7	–
(9.3)	(248.8)	**(258.1)**	Translation adjustment	**-**	–	–
178.0	4,648.5	**4,826.5**	**Balance at end of the year**	**41,362.3**	39,837.7	1,524.6
			Accumulated depreciation and impairment losses			
87.9	2,695.5	**2,783.4**	Balance at beginning of the year	**22,629.2**	21,914.6	714.6
4.1	284.4	**288.5**	Amortisation and depreciation	**2,362.8**	2,329.2	33.6
–	(0.7)	**(0.7)**	Disposals	**(5.8)**	(5.8)	–
(4.7)	(151.0)	**(155.7)**	Translation adjustment	**-**	–	–
87.3	2,828.2	**2,915.5**	**Balance at end of the year**	**24,986.2**	24,238.0	748.2
90.7	1,820.3	**1,911.0**	**Carrying value at end of the year**	**16,376.1**	15,599.7	776.4

13. LOSS ON LOSS OF CONTROL OF SUBSIDIARY

Accounting policy

Loss of control

When the Group loses its power to govern the financial and operating policies 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 in Living Gold 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 substantively control the entity in terms of IFRS 10, even before the final 10% was taken up. As a result of the loss of control, Living Gold was de-recognised as
a subsidiary, and accounted for as an equity-accounted investment, refer to note 14.2.

Figures in million	SA rand	US dollar
	2013	**2013**
Total assets and liabilities derecognised on loss of control	**(37.3)**	**(3.4)**
Derecognition of non-controlling interest on loss of control	**2.1**	**(0.2)**
Net asset value attributable to Sibanye derecognised on loss of control	**(35.2)**	**(3.6)**
Fair value of investment transferred to equity-accounted investments (refer to note 14)	**5.0**	**0.5**
Loss on loss of control of subsidiary	**(30.2)**	**(3.1)**

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

14. EQUITY-ACCOUNTED INVESTMENTS

Significant accounting judgments and estimates

The share of results of equity-accounted investees after taxation amounting to R51.5 million (US$5.4 million), relates to Sibanye's 33.1% interest in Rand Refinery Proprietary Limited (Rand Refinery). Rand Refinery has not issued its audited results for its year ended 30 September 2013 and therefore Sibanye's share of results has been based on unaudited management accounts.

Rand Refinery implemented a new Enterprise Resource Planning ("ERP") system on 1 April 2013 to conduct its financial and management accounting. Since the implementation of the ERP software, the customisation of the software has been problematic with the result that Rand Refinery has not been able to fully reconcile certain accounts at 30 September 2013. Rand Refinery's management team is currently resolving the problems encountered with the ERP software and is in the process of investigating the transactions processed from 1 April 2013 on the ERP system to determine if any adjustments to their current financial records are required. At this stage, the Rand Refinery management team cannot be certain that the results in its management accounts are accurate. Accordingly there is uncertainty around the results of the associate after tax in Sibanye's results.

Any share of potential adjustments from the unaudited management accounts to be recognised will be limited to the current carrying value of its investment in Rand Refinery as no guarantees were provided to Rand Refinery.

Accounting policy

The equity method of accounting is used for investments in associates and joint ventures.

An associate is an investment over which the Group exercises significant influence, but not control. A joint venture is an agreement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement. Associates and joint ventures 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 or joint control.

Results of associates and joint ventures are equity accounted using the results of their most recent audited annual financial statements or unaudited interim financial statements. Any losses from associates or joint ventures are brought to account in the consolidated financial statements until the interest in such associates is written down to zero. Thereafter, losses are accounted for only insofar as the Group is committed to providing financial support to such associates or joint ventures.

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 and any impairment losses. The carrying value 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.

The Group holds the following equity-accounted investments:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
25.5	**26.1**	Rand Refinery	**270.1**	218.6
–	**0.5**	Living Gold	**5.0**	–
25.5	**26.6**	**Balance at end of the year**	**275.1**	218.6

14. EQUITY-ACCOUNTED INVESTMENTS (continued)

14.1 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:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
16.2	**25.5**	Balance at the beginning of the year	**218.6**	125.5
11.4	**5.4**	Share of results of equity-accounted investee after taxation[1]	**51.5**	93.1
(2.1)	**(4.8)**	Translations adjustment	**–**	–
25.5	**26.1**	**Balance at end of the year**	**270.1**	218.6

[1] Rand Refinery has a 30 September year end and equity accounting is based on unaudited results to 30 November.

The Group's interest in the summarised financial statements of Rand Refinery are:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
110.8	**80.8**	Total revenue of associate	**776.0**	907.4
34.4	**16.2**	Total comprehensive income of associate	**155.7**	281.6
121.4	**141.1**	Total assets	**1,459.1**	1,039.7
28.9	**49.4**	Total liabilities	**511.1**	247.4
92.5	**91.7**	**Net assets**	**947.9**	792.3

Reconciliation of the total investment in associate with attributable net assets:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
30.6	**30.3**	Net assets	**313.8**	262.3
(1.4)	**(0.8)**	Dividend received	**(8.2)**	(8.2)
(3.7)	**(3.4)**	Fair value adjustment[1]	**(35.5)**	(35.5)
25.5	**26.1**	**Total Investment in associate**	**270.1**	218.6

[1] The investment in associate was fair valued at 1 July 2001, the date when significant influence was obtained.

14.2 LIVING GOLD

Sibanye has a 60% interest in Living Gold Proprietary Limited (Living Gold), a company incorporated in the Republic of South Africa, which is involved in growing and processing agricultural products. The investment has been equity-accounted since 31 December 2013 after losing effective control of the subsidiary, refer to note 13.

The movement for the year is as follows:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**0.5**	Reclassification on loss of control of subsidiary	**5.0**	–
–	**–**	Translations adjustment	**–**	–
–	**0.5**	**Balance at end of the year**	**5.0**	–

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

14. EQUITY-ACCOUNTED INVESTMENTS (continued)

14.2 LIVING GOLD (continued)

The Group's interest in the summarised financial statements of Living Gold are:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**–**	Total revenue of associate[1]	**–**	–
–	**–**	Total profit of associate[1]	**–**	–
–	**5.2**	Total assets	**53.3**	–
–	**1.5**	Total liabilities	**16.0**	–
–	**3.7**	**Net assets**	**37.3**	–

[1] All profits and revenues of living gold were consolidated until 31 December 2013 when control was lost. Refer to note 13.

Reconciliation of the total investment in associate with attributable net assets:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**2.2**	Net assets	**22.5**	–
–	**(1.7)**	Fair value adjustment[2]	**(17.5)**	–
–	**0.5**	**Total investment in associate**	**5.0**	–

[2] The investment in associate was fair valued at 31 December 2013, the date control was lost.

15. INVESTMENTS

Accounting policy

Investments comprise investments in unlisted companies which are accounted for at directors' valuation adjusted for impairments where appropriate.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Unlisted		
0.2	**0.1**	Carrying value and directors' valuation	**1.4**	1.5
0.2	**0.1**	Total investments	**1.4**	1.5

16. ENVIRONMENTAL REHABILITATION OBLIGATION FUNDS

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. Interest earned on monies paid to rehabilitation funds is accrued on a time-proportion basis and is recorded as interest income.

In addition, bank guarantees are provided for funding shortfalls of the environmental rehabilitation obligations.

16. ENVIRONMENTAL REHABILITATION OBLIGATION FUNDS (continued)

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Environmental rehabilitation obligation funds		
152.1	**155.3**	Balance at beginning of the year	**1,331.1**	1,236.6
3.0	**17.9**	Contributions	**172.3**	24.3
8.6	**8.8**	Interest earned	**84.7**	70.2
(8.4)	**(28.4)**	Translations adjustment	**–**	–
155.3	**153.6**	**Balance at end of the year**	**1,588.1**	1,331.1
		Environmental rehabilitation obligation funds comprise of the following:		
5.7	**7.1**	Guarantees	**73.5**	49.2
149.6	**146.5**	Funds	**1,514.6**	1,281.9

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 25.

17. 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 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 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.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

17. FINANCIAL GUARANTEE (continued)

17.1 FINANCIAL GUARANTEE ASSET

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**–**	Balance at beginning of the year	**–**	–
–	**31.8**	Initial recognition at fair value	**282.3**	–
–	**(5.0)**	Guarantee fee received	**(47.0)**	–
–	**1.3**	Interest earned	**12.3**	–
–	**–**	Foreign exchange gain	**42.6**	–
–	**28.1**	**Balance at end of the year**	**290.2**	–
		Reconciliation of the non-current and current portion of the guarantee asset:		
–	**28.1**	Financial guarantee asset	**290.2**	–
–	**(5.0)**	Current portion of financial guarantee asset	**(51.7)**	–
–	**23.1**	**Long-term potion of financial guarantee asset**	**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.

17.2 FINANCIAL GUARANTEE LIABILITY

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**22.8**	Balance at beginning of the year	**196.4**	–
25.9		Initial recognition at fair value		210.2
(3.1)	**(2.8)**	Amortisation of guarantee liability[1]	**(28.2)**	(24.1)
–	**–**	Foreign exchange loss	**38.4**	10.3
22.8	**20.0**	**Balance at end of the year**	**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.

18. INVENTORIES

Accounting policy

Inventories are valued at the lower of cost and net realisable value. The Group's inventories comprise consumable stores and are valued at weighted average cost, after appropriate provision for surplus and slow-moving items. The Group values gold-in-process when it can be reliably measured.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
40.7	**18.1**	Consumable stores	**187.1**	348.9
40.7	**18.1**	**Total inventories**	**187.1**	348.9

The cost of consumable stores consumed during the year and included in operating cost amounted to R2,720.7million (US$283.4 million) (2012: R2,576.2 million (US$314.6 million)).

19. 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.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
24.8	**45.8**	Trade receivables – gold sales	**473.3**	212.6
5.8	**8.9**	Other trade receivables	**91.8**	49.6
9.0	**11.3**	Prepayments	**116.7**	76.8
13.7	**19.1**	Value added tax	**197.2**	117.2
6.2	**5.3**	Payroll debtors	**54.9**	52.9
5.7	**3.9**	Other	**39.9**	49.2
65.2	**94.3**	**Total trade and other receivables**	**973.8**	558.3

Sibanye has ceded its accounts receivables in favour of the lenders of the R4.5 billion Facilities as security, refer to note 24(a).

20. RELATED-PARTY RECEIVABLES

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
64.0	**–**	Related-party receivables	**–**	548.1
64.0	**–**	**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 38 for further details of the Group's related parties.

21. 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.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
34.0	**104.7**	Cash at the bank and on hand	**1,082.4**	291.8
–	**39.6**	Restricted cash[1]	**410.0**	–
34.0	**144.3**	**Total cash and cash equivalents**	**1,492.4**	291.8

[1] At 31 December 2013 R410.0 million was in an escrow account, being the consideration for the Witwatersrand Consolidated Gold Resources Limited acquisition. Refer to note 35 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 24(a).

Consolidated financial statements

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

22. 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.

US dollar		Number of shares in thousands	SA rand	
2012	**2013**		**2013**	2012
1,000,000	**1,000,000**	**Authorised number of shares ('000)**	**1,000,000**	1,000,000
		Reconciliation of issued number of shares ('000)		
1	**1**	Number of shares in issue at beginning of the year	**1**	1
–	**731,648**	Shares issued on unbundling	**731,648**	–
–	**3,430**	Shares issued under SGL Share Plan	**3,430**	–
1	**735,079**	**Number of shares in issue at end of the year ('000)**	**735,079**	1

There was no change to the authorised share capital during the year. The authorised and issued shared 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 13 May 2013, the Board may issue authorised but unissued ordinary share capital representing not more than 5% of the issued share capital of the Company as at 11 February 2013 in accordance with the memorandum of incorporation and the Companies Act.

On 5 November 2013 the shareholders of the Company approved the issue of 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 of the Cooke Operations. Refer to note 35.

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.

23. DEFERRED TAXATION

Accounting policy

Refer to note 9 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:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Deferred taxation liabilities		
514.2	**372.3**	Mining assets	**3,849.7**	4,407.1
42.5	**40.1**	Environmental rehabilitation obligation funds	**414.9**	364.4
1.8	**10.6**	Other	**109.9**	15.3
558.5	**423.0**	**Gross deferred taxation liabilities**	**4,374.5**	4,786.8
		Deferred taxation assets		
(56.8)	**(42.3)**	Environmental rehabilitation obligation	**(437.8)**	(487.0)
(15.6)	**(19.5)**	Other provisions	**(202.0)**	(133.4)
(0.5)	**(0.4)**	Taxation losses	**(4.4)**	(4.2)
–	**(3.0)**	Other	**(30.7)**	–
(72.9)	**(65.2)**	**Gross deferred taxation assets**	**(674.9)**	(624.6)
485.6	**357.8**	**Net deferred taxation liabilities**	**3,699.6**	4,162.2
		Included in the statement of financial position as follows:		
(2.7)	**(3.5)**	Deferred taxation assets	**(35.8)**	(23.3)
488.4	**361.3**	Deferred taxation liabilities	**3,735.4**	4,185.5
485.7	**357.8**	**Net deferred taxation liabilities**	**3,699.6**	4,162.2
		Reconciliation of the deferred taxation balance		
615.2	**485.7**	Balance at beginning of the year	**4,162.2**	5,002.0
(102.5)	**(57.7)**	Recognised in profit or loss	**(553.6)**	(839.8)
–	**8.9**	Recognised in equity (refer to note 17.1)	**79.1**	–
–	**1.2**	Loss of control of subsidiary (refer to note 13)	**11.9**	–
(27.0)	**(80.3)**	Translations adjustment	**–**	–
485.7	**357.8**	**Balance at end of the year**	**3,699.6**	4,162.2

Refer to note 9 for unrecognised tax assets.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

24. BORROWINGS

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) – R2.0 billion term loan facility (Term Loan)
Interest rate:	JIBAR (Quoted at 5.22% at year–end)
Interest rate margin:	– RCF: 2.85% (Repricing possible if Sibanye is released as guarantor under the Notes, refer to note 17) – Term Loan: 2.75% (Repricing possible if Sibanye is released as guarantor under the Notes, refer to note 17)
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 have 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 and a general notarial bond over movable assets on the mine properties. Sibanye will also have to register mortgage bonds over substantially all of the properties (excluding mining rights) covering the Driefontein mining operation and special notarial bonds over the gold plants and main infrastructure of the Driefontein mining operation.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**208.3**	Loans advanced	**2,000.0**	–
–	**(0.9)**	Financing costs capitalised	**(9.1)**	–
–	**(14.9)**	Translations adjustment	**–**	–
–	**192.5**	**Balance at end of the year**	**1,990.9**	–
		Reconciliation of facilities:		
–	**192.5**	Term loan	**1,990.9**	–
–	**–**	RCF	**–**	–
–	**192.5**	**Total facilities utilised**	**1,990.9**	–

24. BORROWINGS (continued)

(b) 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

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**–**	Balance at beginning of the year	**–**	–
–	**476.0**	Loans advanced	**4,570.0**	–
–	**(476.0)**	Loans repaid	**(4,570.0)**	–
–	**–**	Translation adjustment	**–**	–
–	**–**	**Balance at end of the year**	**–**	–

(c) Short-term credit facilities

Sibanye utilised uncommitted loan facilities from some of the major banks to fund the capital expenditure and working capital requirements at its operations.

These facilities had no fixed terms, were short-term in nature and interest rates were market related. 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 (b).

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**142.4**	Balance at beginning of the year	**1,220.0**	–
149.0	**57.3**	Loans advanced	**550.0**	1,220.0
–	**(184.4)**	Loans repaid	**(1,770.0)**	–
(6.6)	**(15.3)**	Translation adjustment	**–**	–
142.4	**–**	**Balance at end of the year**	**–**	1,220.0

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

24. BORROWINGS (continued)

(d) 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 (Newshelf) and Sibanye
Cancellation:	These facilities were cancelled and repaid on 18 February 2013

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**350.1**	Balance at beginning of the year	**3,000.0**	–
366.3	**52.1**	Loans advanced	**500.0**	3,000.0
–	**(364.6)**	Loans repaid	**(3,500.0)**	–
(16.2)	**(37.6)**	Translation adjustment	**-**	–
350.1	**-**	**Balance at end of the year**	**-**	3,000.0

Summary

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**192.5**	(a) R4.5 billion Facilities	**1,990.9**	–
–	**-**	(b) Bridge Loan Facilities	**-**	–
142.4	**-**	(c) Short-term credit facilities	**-**	1,220.0
350.1	**-**	(d) Long-term credit facilities	**-**	3,000.0
492.5	**192.5**	**Gross borrowings**	**1,990.9**	4,220.0
(259.0)	**(48.3)**	Current portion of borrowings	**(499.5)**	(2,220.0)
233.5	**144.2**	**Non-current borrowings**	**1,491.4**	2,000.0

24. BORROWINGS (continued)

US dollar		Figures in million	SA rand	
2012	**2013**		**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:		
142.4	**–**	Six months or less	**–**	1,220.0
350.1	**192.5**	Floating rate with exposure to change in JIBAR	**1,990.9**	3,000.0
492.5	**192.5**	**Non-current borrowings**	**1,990.9**	4,220.0
		The Group has the following undrawn borrowing facilities:		
788.3	**241.8**	Committed [1]	**2,500.0**	6,756.1
–	**48.3**	Uncommitted	**499.7**	–
788.3	**290.1**	**Total undrawn facilities**	**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:**		
58.3	**–**	– within one year	**–**	500.0
–	**241.8**	– later than two years and not later than three years	**2,500.0**	–
730.0	**–**	– later than three years and not later than five years	**–**	6,256.1
788.3	**241.8**		**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.

25. 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, 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.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

25. ENVIRONMENTAL REHABILITATION OBLIGATION (continued)

Accounting policy (continued)

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 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 vaue of environmental disturbances created are 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.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
174.3	**202.9**	Balance at beginning of the year	**1,739.1**	1,417.1
32.3	**(16.7)**	Change in estimates[1]	**(160.6)**	264.3
7.0	**9.7**	Interest charge[2]	**92.7**	57.7
–	**(1.1)**	Payments made	**(10.5)**	–
(10.7)	**(34.2)**	Translations adjustment	**–**	–
202.9	**160.6**	**Balance at end of the year**	**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.

[2] The provision is calculated based on the discount rates of 7.2% – 8.2% (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 16) and holds guarantees to partly secure the estimated costs.

26. 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.

26. POST-RETIREMENT HEALTHCARE OBLIGATION (continued)

The following table sets forth the funded status and amounts recognised for post-retirement healthcare obligation:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
2.1	**1.6**	Actuarial present value	**16.3**	17.7
–	**–**	Plan assets at fair value	**–**	–
2.1	**1.6**	Accumulated benefit obligation in excess of plan assets	**16.3**	17.7
–	**–**	Unrecognised prior service costs	**–**	–
–	**–**	Unrecognised actuarial (gains)/losses	**–**	–
2.1	**1.6**	**Post-retirement healthcare obligation**	**16.3**	17.7
		Benefit obligation reconciliation:		
2.1	**2.1**	Balance at beginning of the year	**17.7**	16.8
0.3	**0.1**	Interest charge	**1.3**	2.1
(0.1)	**(0.3)**	Payments during the year	**(2.7)**	(1.2)
(0.2)	**(0.3)**	Translations adjustment	**–**	–
2.1	**1.6**	**Balance at end of the year**	**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 (2012: 7.5%) and a discount rate of 8.0% per annum (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 2013 by R0.1 million (10.1%) (2012: R0.2 million (11.0%)). The effect of the change on the accumulated post-retirement healthcare benefit obligation at 31 December 2013 would have been an increase of R1.7 million (10.1%) (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 2013 by R0.1 million (8.6%) (2012: R0.1 million (9.3%)). The effect of this change on the accumulated post-retirement healthcare benefit obligation at 31 December 2012 would have been a decrease of R1.4 million (9.5%) (2012: R1.6 million (9.0%)).

27. 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.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
52.2	**51.2**	Trade creditors	**529.4**	447.3
83.8	**70.7**	Accruals and other creditors	**730.7**	718.4
21.2	**38.9**	Payroll creditors	**402.1**	182.1
46.7	**38.8**	Leave pay accrual	**401.4**	400.6
2.7	**0.9**	Other	**9.4**	21.2
206.6	**200.5**	**Total trade and other payables**	**2,073.0**	1,769.6

Consolidated financial statements

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

28. RELATED-PARTY PAYABLES

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Other trade payables		
4.4	**–**	Related-party payables	**–**	37.5
		Loans		
1,996.3	**–**	GFL Mining Services Limited	**–**	17,108.0
2,000.7	**–**	**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 38 for further details relating to related-party balances.

29. CASH GENERATED BY OPERATIONS

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
363.9	**176.9**	Profit for the year	**1,698.3**	2,980.2
34.4	**43.2**	Royalties	**414.6**	282.1
(44.6)	**26.7**	Mining and income taxation	**256.2**	(365.0)
21.6	**43.8**	Finance expense	**420.3**	176.7
(12.9)	**(16.7)**	Investment income	**(160.3)**	(105.5)
362.4	**273.9**	**Profit before interest and taxation**	**2,629.1**	2,968.5
		Non-cash and other adjusting items:		
288.5	**323.3**	Amortisation and depreciation	**3,103.9**	2,362.8
–	**89.7**	Impairment	**821.0**	–
–	**3.1**	Loss on loss of control of subsidiary	**30.2**	–
32.2	**31.9**	Share-based payments	**305.8**	263.5
(11.4)	**(5.4)**	Share of results of equity-accounted investees after taxation	**(51.5)**	(93.1)
(2.9)	**0.2**	Other	**1.5**	(24.3)
668.8	**716.7**	**Total cash generated by operations**	**6,840.0**	5,477.4

30. CHANGE IN WORKING CAPITAL

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
(11.8)	**16.9**	Inventories	**161.8**	(97.0)
(42.6)	**13.8**	Trade, related and other receivables	**132.6**	(349.3)
(24.6)	**27.6**	Trade, related and other payables	**265.9**	(201.7)
–	**0.9**	Living Gold working capital	**8.4**	–
(79.0)	**59.2**	**Total change in working capital**	**568.7**	(648.0)

31. ROYALTIES PAID

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
(25.3)	**(8.7)**	Balance at beginning of the year	**(74.4)**	(206.0)
(34.4)	**(43.2)**	Royalties	**(414.6)**	(282.1)
0.5	**2.8**	Translation adjustment	**–**	–
8.7	**23.2**	Amount owing at end of the year	**240.0**	74.4
(50.5)	**(25.9)**	**Total royalties paid**	**(249.0)**	(413.7)

32. TAXATION PAID

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
(64.9)	**(2.6)**	Balance at beginning of the year	**(22.2)**	(527.8)
(57.9)	**(84.4)**	Current tax	**(809.8)**	(474.8)
0.5	**4.2**	Translation adjustment	**–**	–
2.6	**51.0**	Amount owing at end of the year	**527.2**	22.2
(119.7)	**(31.8)**	**Total taxation paid**	**(304.8)**	(980.4)

33. COMMITMENTS

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Capital expenditure		
506.5	**406.7**	– authorised	**4,206.3**	4,340.7
229.5	**178.7**	Kloof	**1,847.6**	1,966.1
171.5	**134.1**	Driefontein	**1,387.1**	1,470.1
104.8	**93.3**	Beatrix	**965.0**	897.9
0.7	**0.6**	Other	**6.6**	6.6
59.7	**27.7**	– contracted for	**286.9**	511.4
0.5	**0.4**	Other guarantees	**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 17 for debt guarantees provided by the Group.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

34. 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. 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 has not yet been 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 condition. 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 has filed a notice of its intention to oppose the Applications and has instructed its attorneys to defend the claims. Sibanye and its attorneys are engaging with the applicants' attorneys in both Applications to try to establish a court-sanctioned process to agree the timelines, (including the date by which Sibanye must file its papers opposing the Applications) and the possible consolidation of the separate applications.

The two class actions were consolidated into one action during 2013 and the attorneys for the Applicants in those matters have now applied to the court for a case management procedure in order to set times in which the parties have to comply with various legal processes and timeframes in terms of the application. Sibanye has entered notices to oppose the various actions and its attorneys are currently considering the opposition in detail. Accordingly, Sibanye cannot quantify its potential liability from these actions.

34. CONTINGENT LIABILITIES (continued)

Acid mine drainage

The Group has identified a 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, however, the Group has adopted a proactive approach by initiating projects such as Sibanye Amanzi (long-term water management strategy), and the identification of mine rehabilitation to focus on AMD risk management. The Group also conducts acid base accounting to obtain a more detailed understanding of where the key potential AMD risks are located at identified operations, thereby better informing appropriate long-term mitigation strategies.

Financial Guarantee

Refer to note 17.

35. 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 2013, other than those disclosed below.

Final dividend declared

The Board approved a maiden final dividend of 75 cents per share (ZAR) for the six months ended 31 December 2013, resulting in a total dividend of 112 cents per share (ZAR) in 2013, on 19 February 2014.

Cooke operations acquisition

Sibanye announced on 21 August 2013, that it had entered into an agreement with Gold One International Limited (Gold One) to acquire its Cooke underground and surface operations (Cooke Operations). The consideration for the acquisition will be approximately 150 million new Sibanye ordinary shares, or such number of shares that represents 17% of Sibanye's issued share capital, on a fully diluted basis on the closing of the transaction, refer to note 22. The transaction is subject to the fulfilment of various conditions precedent and is likely to be concluded during 2014.

In terms of the Interim Management and Funding Agreement between Gold One and Sibanye, Sibanye has been appointed, effective 1 March 2014, to manage the business and mining activities of the Cooke Operations. Sibanye will be entitled to make available loan facilities to the Cooke Operations to fund working capital requirements. The loans are repayable in the event that the acquisition is terminated and not implemented. In such an event the loans are guaranteed by Gold One.

Witwatersrand Consolidated Gold Resources Limited Acquisition

Sibanye announced on 11 December 2013 that it had offered to acquire the entire issued share capital of Witwatersrand Consolidated Gold Resources Limited (Wits Gold) for a cash consideration of approximately R407 million (US$39 million) (the Scheme Consideration). The transaction was subject to the fulfilment of various conditions precedent and was 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 million (US$40 million) was held in the escrow account and forms part of the Group's cash and cash equivalents balance as reported, refer to note 21.

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 the Scheme Consideration to 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.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

35. EVENTS AFTER THE REPORTING DATE (continued)

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 Southgold Exploration Proprietary Limited (Southgold), to acquire Southgold, the sole owner of the Burnstone gold mine and assets (Burnstone) located in South Africa's Mpumalanga Province. The Offer was included in the business rescue plan that was approved by the creditors of Southgold on 11 July 2013.

Sibanye has successfully concluded its detailed due diligence investigation in relation to Southgold and took the final decision to proceed with the acquisition of Southgold subject to the fulfilment of certain outstanding conditions precedent listed below.

Summary of the key terms of the Offer:

- Wits Gold will acquire all of the issued share capital of Southgold together with all shareholder and inter-group loans against Southgold for a purchase price of R100.
- Reduction of Southgold total debt to US$177.3 million (the Southgold Debt) on the following terms:
  - Upfront payment of US$7.25 million on transaction completion;
  - Back-ranked to new funding to be injected by Wits Gold and to be repaid from the Burnstone mine's free cash flow;
  - Moratorium on interest and capital repayments for 36 months from transaction completion;
  - Southgold Debt attracts interest at LIBOR +4%;
  - Option to settle outstanding balances at any time without penalty; and
  - Southgold Debt ring-fenced to Southgold.
- Wits Gold to provide up to R950 million of new funding by means of a loan (Wits Gold Loan), over time, as working capital to support the production plan:
  - Wits Gold Loan attracts interest at JIBAR +4%;
  - Wits Gold Loan to be repaid first:
    # 90% free cash to Wits Gold Loan; 10% to Southgold Debt
  - On settlement of the Wits Gold Loan and interest, Southgold Debt will be repaid from free cash flow:
    # 70% to Wits Gold; 30% to Southgold Debt

The Offer is still conditional upon the fulfilment of, or waiver by Wits Gold of conditions precedent standard to a transaction of this nature, including but not limited to signature of all definitive transaction agreements, obtaining all necessary regulatory approvals, including, amongst others, the approval of the of the Department of Mineral Resources and Wits Gold confirming that the acquisition of Southgold does not give rise to any adverse tax consequences for Wits Gold and/or Southgold.

36. 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 recognises 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.

36. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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 those event(s) had an impact on the estimated future cash flows of that asset, that can be estimated reliably.

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:
- 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 and cash and cash equivalents
The carrying amounts approximate fair values due to the short maturity of these instruments.

Investments, environmental rehabilitation obligation funds and borrowings
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 fund's investments. 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 2013. All derivatives are carried on the statement of financial position at fair value.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

36. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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).

	Carrying value				Fair value			
SA rand (Figures in millions)	Loans and other receivables	Available for sale	Other financial liabilities	**Total**	Level 1	Level 2	Level 3	**Total**
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**				
– Financial guarantee asset	**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**				
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				

36. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	Carrying value				Fair value			
US dollar (Figures in millions)	Loans and other receivables	Available for sale	Other financial liabilities	**Total**	Level 1	Level 2	Level 3	**Total**
31 December 2013								
Financial assets								
Not measured at fair value:								
– Cash and cash equivalents	**144.3**	**–**	**–**	**144.3**				
– Trade and other receivables	**63.8**	**–**	**–**	**63.8**				
– Financial guarantee asset	**28.1**	**–**	**–**	**28.1**				
Measured at fair value:								
– Environmental rehabilitation obligation funds	**153.6**	**–**	**–**	**153.6**	**153.6**	**–**	**–**	**153.6**
– Investments	**–**	**0.1**	**–**	**0.1**	**–**	**–**	**0.1**	**0.1**
Financial liabilities								
Not measured at fair value:								
– Trade and other payables	**–**	**–**	**161.7**	**161.7**				
– Financial guarantee liability	**–**	**–**	**20.0**	**20.0**				
– Borrowings	**–**	**–**	**192.5**	**192.5**				
31 December 2012								
Financial assets								
Not measured at fair value:								
– Cash and cash equivalents	34.0	–	–	34.0				
– Trade and other receivables	42.5	–	–	42.5				
– Related-party receivables	64	–	–	64.0				
Measured at fair value:								
– Environmental rehabilitation obligation funds	155.3	–	–	155.3	125.3	30.0	–	155.3
– Investments	–	0.2	–	0.2	–	–	0.2	0.2
Financial liabilities								
Not measured at fair value:								
– Trade and other payables	–	–	159.7	159.7				
– Financial guarantee liability	–	–	22.9	22.9				
– Borrowings	–	–	492.4	492.4				
– Related-party payables	–	–	2,000.6	2,000.6				

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.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

37. 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.

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.

37. RISK MANAGEMENT ACTIVITIES (continued)

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:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
155.3	**153.6**	Environmental rehabilitation obligation funds	**1,588.1**	1,331.1
42.5	**63.9**	Trade and other receivables	**659.9**	364.3
64.0	**–**	Related-party receivables	**–**	548.1
34.0	**144.3**	Cash and cash equivalents	**1,492.4**	291.8
–	**28.1**	Financial Guarantee asset	**290.2**	–

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 R10.4 million (US$1.0 million) (2012: R7.3 million (US$0.9 million)). At 31 December 2013, receivables of R11.2 million (US$1.1 million) (2012: R12.5 million (US$1.5 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.

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

37. RISK MANAGEMENT ACTIVITIES (continued)

The following are contractually due, undiscounted cash flows resulting from maturities of financial liabilities including interest payments:

US dollar					SA rand			
After five years	Between one and five years	Within one year	Total		Total	Within one year	Between one and five years	After five years
				31 December 2013				
–	**–**	**161.7**	**161.7**	Trade and other payables	**1,671.6**	**1,671.6**	**–**	**–**
–	**–**	**1,000.0**	**1,000.0**	Financial guarantee[1]	**10,340.0**	**10,340.0**	**–**	**–**
–	**–**	**–**	**–**	Related-party payables	**–**	**–**	**–**	**–**
				Borrowings[2]				
–	**145.1**	**48.4**	**193.5**	– Capital	**2,000.0**	**500.0**	**1,500.0**	**–**
–	**17.5**	**14.9**	**32.4**	– Interest	**334.8**	**153.6**	**181.2**	**–**
–	**162.6**	**1,225.0**	**1,387.6**	**Total**	**14,346.4**	**12,665.2**	**1,681.2**	**–**
				31 December 2012				
–	–	159.9	**159.9**	Trade and other payables	**1,369.0**	1,369.0	–	–
–	–	1,770.0	**1,770.0**	Financial guarantees[1]	**15,168.9**	15,168.9	–	–
–	–	2,000.6	**2,000.6**	Related-party payables	**17,145.5**	17,145.5	–	–
				Borrowings[2]				
–	233.4	259.0	**492.4**	– Capital	**4,220.0**	2,220.0	2,000.0	–
–	48.3	20.5	**68.8**	– Interest	**590.0**	176.1	413.9	–
–	281.7	4,210.0	**4,491.7**	**Total**	**38,493.4**	36,079.5	2,413.9	–

[1] Financial guarantee relates to Sibanye's gross exposure in respect of Gold Fields group drawn borrowings at 31 December 2013 and 2012.

[2] Borrowings – JIBAR at 31 December 2013 adjusted by specific facility agreement between 4.94% 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 hypothetical 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 production or delivery. 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.

37. RISK MANAGEMENT ACTIVITIES (continued)

Foreign currency hedging experience (continued)

As at 31 December 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 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 income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings.

As of 31 December 2013, the Group's total borrowings amounted to R1,990.9 million (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 24 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 R1,990.9 million (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.

R1,990.9 million (2012: R4,220.0 million), the total debt 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 24.

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

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Sensitivity to JIBAR interest rates		
		Change in interest for a:		
2.6	**5.7**	1.5% Increase in JIBAR	**54.6**	20.9
1.7	**3.8**	1.0% Increase in JIBAR	**36.4**	13.9
0.9	**1.9**	0.5% Increase in JIBAR	**18.2**	7.0
(0.9)	**(1.9)**	0.5% Decrease in JIBAR	**(18.2)**	(7.0)
(1.7)	**(3.8)**	1.0% Decrease in JIBAR	**(36.4)**	(13.9)
(2.6)	**(5.7)**	1.5% Decrease in JIBAR	**(54.6)**	(20.9)

notes to the consolidated financial statements

continued

for the year ended 31 December 2013

38. RELATED-PARTY TRANSACTIONS

Sibanye entered into related-party transactions with Rand Refinery, Gold Fields and its subsidiaries during the year as detailed below.

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.

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.

Refer to the Remuneration Report for key management remuneration.

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 stopped, 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 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 17 for details relating to the Gold Fields guarantee and fees received for the guarantee.

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 2013 and 2012.

The table below details the transactions and balances between the Group and it's related-parties:

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		Income from services rendered to Gold Fields group companies (refer to note 8)		
8.5	**3.5**	– Administration services	**33.2**	69.6
3.5	**3.6**	– Security services	**34.2**	28.9
1.8	**1.7**	– Training services	**16.0**	14.8
2.0	**2.0**	– Medical services	**19.0**	16.5
		Expenditure		
(8.1)	**(1.3)**	Management fees paid to Gold Fields Group Services	**(12.5)**	(66.7)
(1.6)	**(1.3)**	Refining fees paid to Rand Refinery	**(12.1)**	(12.9)
		Accounts receivable from Gold Fields group companies		
15.7	**-**	Gold Fields Group Services	**-**	134.9
33.9	**-**	South Deep Mine	**-**	290.8
6.9	**-**	Gold Fields Ghana	**-**	59.2
7.4	**-**	Other Gold Fields group companies	**-**	63.2
		Accounts payable to Gold Fields group companies		
15.7	**-**	Gold Fields Group Services	**-**	37.6
		Loans payable to Gold Fields group companies		
1,996.3	**-**	GFLMS Loan[1]	**-**	17,108.0

[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.

39. 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.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
492.4	**192.5**	Borrowings excluding related-party loans[1]	**1,990.9**	4,220.0
34.0	**144.3**	Cash and cash equivalents	**1,492.4**	291.8
458.4	**48.2**	Net debt[2]	**498.5**	3,928.2
699.5	**766.5**	EBITDA	**7,357.9**	5,729.7
0.66	**0.06**	Net debt[2] to EBITDA (Ratio)	**0.07**	0.69

[1] All related-party loans were repaid during February 2013 (refer to note 1).

[2] Net debt excludes related-party loans

40. LIQUIDITY

The Group's current liabilities exceeded its current assets by R887 million (US$86 million) as at 31 December 2013. Current liabilities at year end include the financial guarantee liability of R207 million (US$20 million) (refer to note 17) 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 the Notes (as defined under note 17).

With the Bridge Loan Facilities refinanced (as detailed in note 24), the Group was in a position to actively manage its debt position and as a result repaid an additional R500 million (US$52.1 million) debt in December 2013, effectively applying cash, a current asset, to reduce long-term borrowings.

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.