I am extremely proud to report back to our stakeholders on a very successful period since the listing of Sibanye in February 2013. In our maiden year of operation as an independent company, Sibanye has delivered an operating and financial performance which has exceeded the expectations of many market observers.

The company has undergone radical change and it is heartening to see how the Sibanye workforce has embraced the new strategy and outlook for the Group. The enthusiasm and commitment to this new future is apparent in the relatively seamless manner in which the new operating model and organisational structures have been implemented. This is reflected in the first-rate operating results the Group has produced. Sibanye has achieved and, in many instances, exceeded the targets it set at the beginning of the year and delivered on a number of its longer-term goals earlier than expected. The fact that this has been achieved in a year of considerable change, against a backdrop of global economic uncertainty and a volatile labour environment in South Africa, is remarkable.

Importantly, these results have not been achieved at the expense of safety, which is a key priority for Sibanye. All of the safety indicators Sibanye measures continued to improve in 2013 and Sibanye will continue to strive towards its goal of zero harm.

The gold-mining industry experienced one of the most challenging years in over a decade in 2013. Indications of economic recovery in developed markets, most notably in the US in the early part of the year, and suggestions that the US Fed would begin tapering its quantitative easing programme, sparked significant liquidation of professional gold holdings in exchange traded funds (ETFs) and other more speculative gold investment vehicles. The impact on the gold price of this sudden and unprecedented liquidation of professional holdings was exacerbated by weak demand for gold at the time. The Indian government (India is historically the largest global consumer of gold), imposed import tariffs on gold, which significantly reduced demand from that market. While a total free fall was avoided due to increasing demand for bullion and jewellery in China as the price declined, this was insufficient to absorb the level of sales from professional holdings. As a result, over the course of 2013, the dollar gold price declined by approximately 27% from US$1,655/oz at 31 December 2012 to US$1,205/oz at 31 December 2013.

Sales of gold from professional holdings appear to have moderated in 2014 while the gold price has stabilised, supported by continued strength in bullion and jewellery demand, largely from China. The outlook, however, remains uncertain and the dollar price of gold will continue to be driven by a number of exogenous factors in 2014. The most probable scenario is one of continued price volatility within a defined trading range, most likely lower on average than that which prevailed in 2013.
In South Africa, the gold mining industry was shielded from the full impact of the lower dollar gold price by the weak rand, which depreciated by 20% relative to the US dollar during the year. As a result the average gold price received was flat year-on-year at approximately R435,000/kg. While this provided welcome relief for the South African gold producers, there remains a longer-term risk of increased inflationary cost pressures linked to the weaker currency.

The positive currency effect aside, the South African gold industry has, however, had to contend with a number of country-specific issues, most notably the uncertain and volatile labour environment, which continues to pose a significant risk to the future sustainability of the industry.

The tragic events at Marikana in August 2012 resulted in the rapid rise to prominence of the Association of Mineworkers and Construction Union (AMCU) and a fundamental change to the organised labour dynamic in the South African mining industry. With the emergence of AMCU came the inter-union rivalry with the historically dominant National Union of Mineworkers (NUM), which fuelled uncertainty and complicated the biennial wage negotiations between the gold industry and the representative unions in 2013. The rivalry prolonged the negotiations for close to a year before they drew to an uneasy conclusion in March 2014. Fortunately operational disruptions during the wage-negotiation period were minimal and, while many issues remain unresolved, relative stability has returned to the sector.

It is clear that the South African mining sector has to adjust to working with multiple stakeholders going forward. The current hostile industrial-relations climate is not sustainable. This means that constructive dialogue between industry and labour must continue in the interests of the sustainability and growth of the sector.

It is also vital that all stakeholders, including government and affected communities, use the time between wage discussions to engage with industry – outside of and decoupled from emotive wage negotiations – to address other crucial issues of importance to the industry and all South Africans. These include, inter alia, issues such as the declining productivity and profitability of the industry and social issues related to the historic migrant-labour system, including employee indebtedness and living conditions in the communities close to our mines.

Sibanye is a proudly South African gold-mining company, and its future success is intimately associated with that of the broader South African economy. We are optimistic that, in
an accommodative environment, this industry can prosper and continue to play an important role in the future of South Africa. The South African gold industry provides meaningful employment, is a critical consumer of goods and services that support a significant number of enterprises which supply the mining industry and, increasingly is being required to shoulder a greater socio-economic and developmental burden in the country.

In this regard, it has been pleasing to note the intervention of the Minister of Finance and the Department of Mineral Resources (DMR) in wage negotiations in 2013. It is also important to highlight the leadership role the Deputy President played in the establishment of the Peace Accord, which suggests that the South African government acknowledges the important role of the gold industry in our economy.

The industry and country require stability and certainty in order to attract capital investment necessary for development and long-term growth, which is essential if the industry is to sustain and create employment and assist government in addressing some of the broader socio-economic problems facing the country. A more cooperative and collaborative approach from all stakeholders will be crucial in achieving this.

The year 2014 marks the 10th anniversary of the promulgation of the South African Mineral and Petroleum Resources Development Act (MPRDA) – the legislation that defines and regulates the transformation of the South African mining industry. This anniversary brings with it a review of industry compliance with the transformational requirements of the Mining Charter. There is still significant uncertainty, which has not been adequately addressed by the recent amendments to the MPRDA, and Sibanye and the industry look forward to receiving further guidance from the DMR on how the sector should continue to grow and transform. From our side, we are optimistic that we have met all our obligations by ensuring that all our operations are properly empowered and our workforce and management sufficiently representative.

Other areas of concern include the continued inability of Eskom, the state power utility, to ensure consistent or sufficient power for the needs of the country. The gold-mining industry is an energy-intensive industry and sub-optimal power delivery is of grave concern to all operators of deep-level mines – not only because of the potential impact on the profitability and longer-term sustainability of the mines but also because of the significant risk that power outages pose to its employees. Sibanye is proactively exploring alternative sources of energy in order to mitigate the risk and reduce the demand load on Eskom.

As the Chief Executive Officer (CEO), Neal Froneman has stated publicly on many occasions, our employees are our most important asset, and Sibanye recognises the importance of its employees as key stakeholders in the business and their important role in ensuring its profitability and longevity. The Group embraced transformation as a business imperative. The Group has defined and adopted as its core values: commitment, accountability, respect and enabling (or a CARE) culture. Sibanye has begun to roll out the CARE model and will embed these values as part of a new, more holistic safety health and wellness strategy in 2014. We expect this strategy to deliver further safety improvements in future as the Group works towards its goal of zero harm in the workplace.

I would like to congratulate Neal, his management team and their colleagues at Sibanye on achieving such stellar operating results and managing to convincingly and sustainably turn around operations that many industry commentators had written off. I am confident that Neal and his team will continue to build on the solid base of 2013 for the benefit of all stakeholders and develop Sibanye into a globally competitive and admired, proudly South African mining company.

Lastly, I am fortunate to have the support of a diverse and vastly experienced Board. While this Board has only been incorporated relatively recently, it has been pleasing to see the level of commitment, genuine interest in the business and valuable contribution that my fellow directors have already made. Following the listing, we welcomed Zola Skweyiya, Barry Davison, Nkosemntu Nika, Tim Cumming and Sue van der Merwe as independent non-executive directors of Sibanye. We expect that Chris Chadwick and Robert Chan, representing Gold One, will also join the Board once the acquisition of Cooke has been concluded. The mix of operational, technical, financial and commercial knowledge and experience is a distinct advantage for a young and dynamic company like Sibanye.

In the year ahead, we will continue to develop Sibanye into a model mining company. We believe Sibanye’s solid governance principles and operational expertise lay a solid foundation for this Group to deliver superior returns to shareholders, while holding significant attraction for a host of other stakeholders too.

Sibanye: We are one!

Sello Moloko
Chairman
25 April 2014
chief executive’s report

INTRODUCTION
The purpose of this Integrated Report is to provide stakeholders with relevant information about Sibanye, including a review of its operational and financial performance during the period; its governance and values; its prospects and the challenges it faces; and its business strategy, which is focused on maintaining strong operational performance and value-accretive growth in order to deliver and sustain long-term, superior value creation for our shareholders in the form of dividends and appreciation in the share price.

On listing in February 2013, the primary strategic objectives contemplated for Sibanye’s first year as an independent company were:

- to restore operational credibility to its mature mines;
- to unlock the value contained in the West Wits Tailings Storage Facilities;
- to secure the longer-term future of Beatrix; and
- to deliver on our strategic intent to be the benchmark dividend yield vehicle in the gold sector globally.

These objectives have substantially been achieved in 2013 and a strong platform has been laid as the basis for continuing high performance and business growth in 2014.

The operational turnaround delivered in Sibanye’s first 11 months as an independent company has proven the quality and potential of its operations and largely restored its operational credibility.

We are confident that the solid operational base delivered in 2013 is sustainable and that the Group is well positioned to deliver on its strategic goals, not only in the short-term, but over a significantly longer period than envisaged in the LoM that we inherited at the beginning of 2013.

Notable highlights during the period include:

- successfully implementing a new operating model and flatter, more efficient operating structures. This has already had a positive impact on costs and production at the operations. As we anticipated at the beginning of the year, I can confidently say that we have arrested the declining production and increasing-cost trends that have plagued these assets for many years.
- strong free cash flow generation, despite a declining dollar gold price and rising costs, has enabled repayment of R2.2bn of debt, which was inherited on unbundling. This allowed Sibanye to pay a robust dividend to shareholders, positioning us as a benchmark dividend yield company in the sector.
- successfully extending the lives of our assets through quality and disciplined mining and cost control. This is evident in our new Reserve and Resource declaration and has been incorporated into our new, longer LoM operating plans. We expect to improve the LoM profile further as we continue with our assessment of the sizeable Resources still contained in secondary reefs and other remnant areas at the operations.
- making strategic acquisitions, which are consistent with Sibanye’s strategy to extend the operating lives of its current mines and assets and maintain higher production levels for longer in order to sustain dividend payments to shareholders.

BECOMING THE ‘GO TO’ GOLD EQUITY INVESTMENT
Prior to Sibanye’s unbundling and listing, a number of key strategic drivers and criteria were identified, which we believed would result in Sibanye becoming the investment of choice in the global gold sector. The strategic drivers that we identified and communicated at the outset remain valid. These are:

Neal Froneman
Chief Executive Officer
ensuring leverage to the gold price by remaining unhedged and implementing operating strategies which ensure that any increase in revenue flows through to the bottom line;

- optimising free cash flow (after all costs, capital expenditure and taxes) and using this as a key measure of performance;

- maintaining capital expenditure and discipline by ensuring that capital invested generates appropriate returns and that the balance sheet is optimally geared;

- not pursuing growth for the sake of size but only if that growth enhances cash flow and returns per share; and, most importantly,

- rewarding shareholders by means of regular, sustainable and meaningful dividends and, when appropriate, returning excess cash to shareholders through the declaration of special dividends.

Sibanye’s strategy considers the interests of all its stakeholders and we believe that all stakeholders will benefit from the successful delivery of our strategic goals. In this regard, we recognise that we have a meaningful presence in South Africa and its economy, and are confident that, in a supportive environment, the Group will continue to operate profitably and sustainably for the benefit of all of its stakeholders.

IMPLEMENTING OUR STRATEGY
Notwithstanding challenging market conditions in 2013, the vigorous implementation of Sibanye’s operating strategy, comprising the six key elements (depicted in the diagram on this page) has already delivered results. Some of the measures that have been implemented have already yielded returns while we expect further cost and productivity benefits from more recent interventions. Critical elements have included:

- efforts to right size and restructure the company are ongoing, although substantial progress has been made. Wages make up over 50% of operating costs and, while production had declined significantly in recent years, the labour complement had stayed relatively stable. Restructuring the business to align the labour complement with longer-term sustainable production levels resulted in a reduction in the total number of employees by 5,810 people (14% of employees), largely through voluntary separations and natural attrition. In doing this, we focused firstly on rationalising the higher levels of management, and removing two layers of operational management while introducing more effective structures and capacity with strong operating experience.

- the use of contractors has been significantly reduced in order to minimise the impact of the restructuring on our own employees and contractors have been replaced by Sibanye employees where possible. Contractors now represent around 7% of the total workforce from around 9% a year ago. The corporate and regional functions, which were previously separate, have been combined and the corporate office has been established at Sibanye-owned premises at the old Libanon Mine, close to the key Driefontein and Kloof operations.

Reduced our total cash cost by 4% to R273,281/kg (US$885/oz) and our All-in cost by 7% to R354,376/kg (US$1,148/oz)

Operating margin of 38% (from 35%) and 18% based on All-in cost (from 12%)

Operating profit of R7.4 billion (US$767 million); R1.2 billion (US$132 million) of net cash generated

Available cash increased to R1.5 billion (US$144 million); Net debt of R499 million (US$48 million)

Focus on what investors want

Sibanye

Robust dividends

Increase flexibility

Reduced costs and paylimits

Strong cash flows

Optimising capital including balance sheet

Increase margins

Gold production up by 17% to 44.5t (1.43Moz); tons milled up by 12%

Premium rating

Reduced our total cash cost by 4% to R273,281/kg (US$885/oz) and our All-in cost by 7% to R354,376/kg (US$1,148/oz)
• **service level contracts** between the group services and our mines ensure that the functions and services provided by the Group are effective and address real needs at the operations.

• **the organisational structure has been flattened**, ensuring that there is more experience and a higher level of skill closer to the face where it is most needed. The separation of the KDC entity into Kloof and Driefontein has reduced the spans of control in order to ensure that our management was not too thinly spread.

• **the operational focus has been intensified** by introducing multi-disciplined and empowered operating team structures. By improving the operating focus and flexibility, we increased gold production by about 17% year-on-year. A focus on quality of mining factors is reflected in lower R/t operating costs and increased grades. A detailed monthly, technical and financial operational review process has been introduced in order to measure progress on a regular and frequent basis, and immediately address any operational issues that may arise.

• **plant utilisation has been optimised** by filling excess capacity with low-grade surface rock and dump material.

### OPERATING AND FINANCIAL OVERVIEW

Our focus on improving productivity and reducing costs is coupled with a dedicated health, safety and wellbeing strategy. Continuous initiatives to engineer out risk, as we strive towards our goal of zero harm, delivered further safety improvements in 2013. The FIFR at the end of the year was 0.10 per million man hours worked, which is a 41% improvement over the previous year and the lowest ever rate achieved over a year at these deep level gold mines. The LTIFR was 6.13, which represents an 11% year-on-year improvement. Despite the depth and labour-intensive nature of our operations, our safety indicators are starting to approach global mining safety benchmarks, a remarkable statistic.

Following a thorough review of all aspects of the business in the first half of 2013, the new operating model was introduced and flatter, team-based management teams rolled out across the operations. Significant restructuring and an increased operational focus resulted in continuous delivery of productivity and cost improvements throughout the year with the second half of the year better reflecting the sustainable performance of the operations. The first half of 2013 was also disrupted by a fire at Beatrix West Section and a power outage when the main Eskom transformer supplying electricity to Driefontein was severely damaged by a fire resulting from a lightning strike. As a result, gold production of 24,061kg (773,600oz) for the six months ended 31 December 2013 was 18% higher than in the first six months. Total cash cost of R259,919/kg (US$804/oz) and All-in cost of R336,848/kg (US$1,043/oz) were both 10% lower than during the first six months, largely as a result of the cost-reduction initiatives and increase in gold production. Underground cost per ton milled declined by 12% to R1,527/t (US$152/oz) from R1,737/t (US$190/oz) in the first half of the year, driven by a 19% increase in underground volumes milled and strict controls on underground operating costs. Despite the increase in volumes, underground operating costs increased by less than 5% to R5,639 million (US$560 million). This was despite the annual wage increases and elevated winter electricity tariffs in the second half of the year.

Gold production for the year ended 31 December 2013 was 17% higher than that achieved in 2012 and All-in cost was 7% lower, both as a result of the severe strikes in 2012 and the re-focus on mining and cost-saving initiatives after unbundling early in 2013. Sibanye is now positioned in the lowest quartile of the global All-in cost curve and is capable of generating solid cash flow under lower gold prices than currently prevail.

Operating profit increased to R7.4 billion (US$767 million) in 2013 from R5.7 billion (US$700 million) in
2012 due to the increased revenue, partly offset by production and inflation-related cost increases. A 15% decline in the average US dollar gold price to US$1,408/oz in 2013 was offset by depreciation of the rand against the US dollar, resulting in an unchanged year-on-year rand gold price received, which averaged R434,663/kg during 2013.

Net cash generated for the year ended 31 December 2013, before net financing activities and dividends, was R3.6 billion (US$375 million), which was equivalent to approximately 40% of Sibanye’s market capitalisation as at 31 December 2013. Debt repayments during the year totalled R2.2 billion (US$231 million), reducing gross debt to R2.0 billion (US$193 million) and net debt to R499 million (US$48 million) at year end. Debt repayments were structured to accommodate the payment of the interim and final dividend, to allow funding to cover payments on acquisitions, and to provide cash flow coverage against the possibility of industrial action during the biennial gold-sector wage negotiations. The bridge loan facilities were also restructured to provide for a borrowing facility of R4.5 billion, R2 billion of which has been drawn.

Sibanye’s dividend policy is to return 25% to 35% of normalised earnings to shareholders. The Group declared a total dividend of 112cps for 2013 at the upper end of the range defined in its dividend policy. This represented a 9% dividend yield at 31 December 2013.

SHARE PRICE PERFORMANCE
Sibanye listed at a price of R13.05 per share on 11 February 2013 and initially traded in a relatively tight price range until April 2013; when the sharp decline in the gold price led to a sell-off in gold equities globally. The FTSE/JSE Gold Mining Index declined by approximately 40% and Sibanye’s share price fell to a low of R6.73 per share on 22 May 2013, about 50% below its listing price.

Evidence of improving operational performance, reported at the interim results in August 2013, a relatively short strike followed by agreement on wage increases with the unions representing the majority of the gold-industry workforce in September 2013 and the declaration of Sibanye’s maiden interim dividend, resulted in Sibanye’s share price recovering strongly through the second half of the year. By 31 December 2013, the share price had recovered to a closing price of R12.30 per share, 83% higher than the bottom reached in May 2013 but still 6% lower than the listing price. This is in contrast to a 54% decline in the FTSE/JSE Gold Mining Index and represented significant outperformance over the same period against the dollar gold price and rand.

Sibanye LoM profile at 31 December 2013
gold price, which ended the year 27% and 14% lower respectively.

Sibanye’s share price has continued to appreciate in 2014, increasing by approximately 100% to R24.73 per share on 10 March 2014, driven by strong results reported for the six months ended 31 December 2013, the declaration of a 75 cents per share final dividend for 2013, a more stable dollar gold price and a weak rand relative to the US dollar.

**GROWTH**

**Sustaining and growing our operations**

Lower overhead costs and an improvement in mining quality factors has resulted in lower paylimits being applied to LoM planning, and Reserve and Resource calculations at 31 December 2013, compared with those used in 2012. This, together with the ongoing assessment of the economic viability of mining, the large resources contained in secondary reefs and remnant areas, which had not previously been exploited, has resulted in Sibanye’s gold Mineral Reserves at 31 December 2013 increasing by 46% to 19.7Moz (including 1.5Moz of Reserves depleted through mining during 2013), from 13.5Moz at 31 December 2012.

Underground gold Reserves increased by 2.4Moz (net of depletion) and surface gold Reserves, mainly in TSF, included following the completion of a pre-feasibility study, increased by 4.0Moz. Total gold Resources reduced by 9.2Moz to 65.0Moz, primarily due to re-evaluation of the pay limit.

**SIBANYE LoM PROFILE AT 31 DECEMBER 2013**

Inclusion of these additional Reserves in Sibanye’s revised 2014 LoM plan has resulted in gold production from Beatrix, Driefontein and Kloof being forecast to be maintained at over 1.2Moz per annum until 2021, four years longer than in the 2013 LoM plan, which had gold production declining below 1.2Moz per annum by 2017. Importantly, in the 2014 LoM plan, gold production is forecast at approximately 1.4Moz until 2019 compared with the 2013 LoM plan, which had peak gold production of approximately 1.3Moz being maintained for only a single year. The total forecast LoM has also been extended by approximately two years to 2030 in the 2014 LoM plan. With most of the additional underground reserves being from remnant or white areas and secondary reefs, which require minimal ORD, capital expenditure to achieve this improved LoM profile is forecast to remain relatively constant in real terms at approximately R3.0 billion.

Inclusion of Sibanye’s TSF reserves in the LoM plan at this stage extends production of over 1.2Moz per annum by a further three years until approximately 2024 and extends the LoM to 2035. This project will in future form part of the West Rand Tailings Treatment Project (WRTRP) once the acquisition of the Cooke assets from Gold One has been completed.

A maiden uranium Resource, comprising 419Mt and containing 68.8Mlb uranium has been declared based on 43.2Mlb uranium contained in the TSF Reserves at Driefontein and Kloof, and the maiden declaration of a 25.7Mlb uranium Resource at the underground Beisa Section at Beatrix West Section.

The strategy to extend the lives and secure the future of our existing operations and assets includes growth or life extension from value-accrative and strategic acquisitions. As a proudly South African, independent mining company, Sibanye’s strong cash flows and regional presence position it competitively for growth, particularly in South Africa. With our
In 2013, agreement was reached with Gold One to acquire its Cooke underground and surface assets for such number of shares as represent 17% of Sibanye’s issued share capital, on a fully diluted basis on the closing of the transaction. This transaction is expected to be earnings and cash flow-accrative and will add average annual production of approximately 250,000oz of gold and over 500,000lb of uranium over the next five years, and unlock regional operational and infrastructural synergies. Importantly, the transaction secures the Cooke surface tailings Resources and the Cooke 4 gold and uranium plant, which are critical to unlocking the significant gold and uranium Resources contained in the surface TSF across our West Rand operations.

The second transaction signals greater co-operation between the gold producers in South Africa in order to unlock value in the industry. In August 2013, Sibanye agreed to exchange two mining-right portions at its Beatrix Operation, which are not included in its current life of mine, for two mining-right portions at Harmony’s Joel Operation. These acquired mining rights are more readily accessible from the Beatrix North and South sections. Two further mining-right portions have been exchanged with Harmony for a royalty of 3% of net revenue derived from mining these portions.

Finally, in December 2013, Sibanye agreed to acquire the entire issued ordinary share capital of Wits Gold for a cash consideration of approximately R410 million, thereby securing substantial gold and uranium resources. The majority of these resources are adjacent to our Beatrix Operation and, through synergy with existing operations and infrastructure, will secure the long-term future of Beatrix. Wits Gold also held a binding offer to acquire Southgold Exploration Proprietary Limited (Southgold) - being the sole owner of the Burnstone gold mine. Following the successful conclusion of a detailed due diligence, a decision was taken to proceed with the option to acquire the Burnstone mine. The offer to acquire Southgold is still subject to certain conditions precedent, including amongst others, the approval of the Minister 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. The decision to acquire South Gold was based on the already significant investment in mine development and infrastructure and the favorable terms on which this acquisition can be concluded. The acquisition of Burnstone will contribute positively to free cash flow and enhance the company’s long term value, consistent with our strategy to extend the operating life of the Company in support of our dividend yield strategy.

Based on the solid progress towards restoring operational credibility in 2014 at our existing operations and the implementation of an effective operating strategy, we are well positioned to seamlessly integrate these acquisitions into Sibanye and deliver on synergies with our current operations.

A VOLATILE LABOUR RELATIONS ENVIRONMENT

The industry approached the biennial wage negotiations in 2013 with significant unease and uncertainty after the fractious and volatile labour environment of 2012. In anticipation of a disruptive negotiation process, we prepared ourselves for extended strikes: strike plans designed to limit production losses and minimise costs were developed, and we ensured that we had sufficient cash leading into the negotiations to sustain the Group through a prolonged strike.

We also worked very hard at winning the hearts and the minds of our employees through direct, forthright but honest communication and I believe we have much greater alignment than we have had in the past. We took a very conscious decision to communicate directly with our employees, something which has often been abdicated to the unions in our industry.

The wage settlement achieved is indicative of a greater understanding. Yes, it was possibly higher than we would have liked and we still believe that including a profit share in the increase would have better aligned the workforce with management and shareholders, but it was a reasonable settlement which - in comparison with other sectors - ensures that our employees remain among the best paid in South Africa. In the end, the process was conducted with a great deal of maturity and respect for the law, resulting in minimal disruption for the industry or the country.
The final two-year agreement was concluded with the NUM, the United Association of South Africa (UASA) and Solidarity, which collectively represented 72% of employees within this sectoral bargaining unit, and was extended to all employees, in line with past practice. It was disappointing that AMCU declined to accept the agreement and waited until 20 January 2014 before issuing strike notices at all the gold-mining operations where it is the recognised majority union (this covered our Driefontein operations, two Harmony mines and the majority of AngloGold Ashanti Limited operations).

An application for an interdict against the strike was lodged at the Labour Court by the Chamber of Mines on behalf of the gold companies, on the basis that the collective wage agreement signed by the other unions in the gold sector had legitimately been extended to AMCU members. Due to the complexity of the issues, the Court reserved judgment, and issued an interim order restraining AMCU from initiating strike action. An order was issued on 30 January 2014 declaring any potential strike action by AMCU unprotected. Unless AMCU can show cause why this order should not become final prior to 5 June 2014, the ruling will be made final.

2014 AND BEYOND
Based on the platform created in 2013 and a healthy balance sheet, Sibanye is well positioned to continue delivering strong operating and financial results in 2014.

Maintaining strong positive cash flows from current operations is the primary goal that is a pre-requisite for our business success. The most critical challenge facing the company in 2014 is to maintain its strong operational focus, while successfully integrating the new operations it is acquiring.

We anticipate further cost reductions to flow from restructuring completed late in 2013 and other initiatives which will be implemented in 2014, although these will be relatively modest in comparison to those achieved in 2013. From an operational perspective, the focus will be on improving productivity particularly looking at the potential of revising working arrangements to ensure that more time can be spent at the face. We are supportive of the Sindisa agreement, a collaborative productivity enhancement initiative between the Chamber of Mines and the NUM, UASA and Solidarity. The initiative arose out of the 2011 wage agreement and we will be seeking to involve AMCU going forward. Not only does the Sindisa initiative seek to increase the number of shifts in the yearly production calendar and enhance face time through better working arrangements but it is also likely to involve shift arrangements, which will enable employees – especially migrant employees – greater flexibility to spend more time with their families.

With continuing management focus, increases in pay mineable face length and productivity improvement initiatives, the goal is to maintain the December 2013 quarter run rate as a sustainable base level subject to potential production interruptions that may be experienced.

As such, for the year ending 31 December 2014, gold production in the normal course of business from the Beatrix, Driefontein and Kloof Operations is forecast at 44,000kg (1.4Moz). Total cash cost is forecast to be approximately R270,000/kg (US$800/oz) and All-in-cost approximately R360,000/kg (US$1,070/oz), assuming an average exchange rate of R10.50 to the US dollar during the year. Capital expenditure for the year is forecast at approximately R3.1 billion (US$296 million). Should the rand gold price remain at around current levels, cash generation will be meaningful, enabling Sibanye to reduce debt further and invest in its future, while remaining true to its dividend policy, maintaining a strong dividend yield and continuing with its strategy to deliver superior value for all stakeholders.

MY THANKS
The successes we have already achieved at Sibanye in a limited period of time have been remarkable. I must thank my executive colleagues, my fellow Board members and our operational teams at the workface. You all have a lot to be proud of as we conclude the first financial reporting period for Sibanye and have already made strides in realising a number of the strategic objectives we have set for ourselves.

Neal Froneman
Chief Executive Officer
25 April 2014
INTRODUCTION

During 2013, following the unbundling by Gold Fields to its shareholders of its entire shareholding in Sibanye – previously GFI Mining South Africa Proprietary Limited (GFIMSA) – a wholly owned subsidiary of Gold Fields, Sibanye began operating as a fully independent, publicly traded company with a new Board of Directors, management and strategy.

On 11 February 2013 Sibanye listed on the JSE at a listing price of R13.05 per share, giving it an initial market capitalisation of approximately R9.5 billion (US$1.1 billion). Sibanye’s secondary listing on the NYSE also commenced on 11 February 2013. The entire ordinary share capital of Sibanye was unbundled by Gold Fields to its existing shareholders on 18 February 2013 in a ratio of 1:1 with the listed Gold Fields shares and resulted in Gold Fields’ shareholders holding two separate shares; a Sibanye share as well as their original Gold Fields share.

The operating and financial results for the 2013 financial year are pleasing. They support management’s belief that Sibanye’s principal operations – Driefontein, Kloof and Beatrix – despite having been in operation for many decades, are still some of the best gold mines in the world and should continue to be so for many years to come.

Sibanye has delivered strong operating results, underpinned by the continued focus on the new operating strategy and organisational structures, which have delivered significant production and cost benefits. Cost containment and margin improvement will remain challenging, and an increased focus will be necessary to limit cost increases, especially in light of the pressures in the South African labour and electricity environment and the continued volatile macro-economic environment.

The solid operational performance and robust cash generation during the year and the positive outlook for 2014, underpins the declared full-year dividend of 112 cents per share (R825 million), or 35% of 2013 normalised earnings, which is at the upper end of the range defined by Sibanye’s dividend policy.

The following financial review provides stakeholders with greater insight into the financial performance and position of the Group. Our primary financial focuses are to reduce costs, increase cash generation to provide a return on equity and to reward shareholders with sustainable dividends. Stakeholders are advised to read this review in conjunction with the consolidated financial statements presented on pages 92 to 149.

FACTORs AFFECTING OUR PERFORMANCE

Gold price

Sibanye’s revenues are primarily derived from the sale of the gold that it produces. Sibanye does not generally enter into forward sales, commodity derivatives or other hedging arrangements in order to establish a price in advance of the sale of its gold production. As a result it is fully exposed to changes in the gold price. Gold hedging could however be considered in the future under one or more of the following circumstances: to protect cash flows at times of significant capital expenditures; financing projects; or to safeguard the viability of higher cost operations.

The market price of gold has historically been volatile and is affected by numerous factors over which Sibanye has no control, such as general supply and demand, speculative trading activity and...
global economic drivers. Should the gold price decline below Sibanye’s production costs the Group may experience losses and, should this situation remain for an extended period, Sibanye may be forced to curtail or suspend some or all of its projects, operations and/or reduce operational capital expenditure. Sibanye might not be able to recover any losses incurred during, or after, such events. A sustained period of significant gold price volatility may also adversely affect Sibanye’s ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

The volatility of the price of gold is illustrated in the gold price graph on this page.

**Exchange rates**

Sibanye’s operations are all located in South Africa and its revenues are equally sensitive to changes in the dollar gold price and the rand/US dollar exchange rate (the exchange rate). Depreciation of the rand against the US dollar results in Sibanye’s revenues and operating margins increasing. Conversely, should the rand appreciate against the US dollar, revenues and operating margins would decrease. The impact on profitability of any change in the exchange rate can be substantial. Furthermore, the exchange rates obtained when converting US dollars to rand are set by foreign exchange markets, over which Sibanye has no control. The relationship between currencies and commodities, which includes the gold price, is complex and changes in exchange rates can influence commodity prices and vice versa.

As a general rule, Sibanye does not enter into long-term currency hedging arrangements and is exposed to the spot market exchange rate. Sibanye’s operating costs are primarily denominated in rands and forward cover could be considered for significant expenditures based in foreign currency or those items which have long lead times to production or delivery. No foreign exchange hedging contracts were entered into during 2013.

**Costs**

Sibanye’s operating costs (being cost of sales less amortisation and depreciation) comprise mainly labour and contractor costs, power, water and consumable stores which include, inter alia, explosives, timber, cyanide and other consumables. Sibanye expects that its operating costs, particularly the input costs noted above, are likely to continue to increase in the near future and will be driven by inflation, general economic trends, market dynamics and other regulatory changes.

The South African inflation rate or Consumer Price Index (CPI) was unchanged year-on-year, averaging 5.7% in 2013 (2012: 5.7%). Mining inflation has historically been significantly higher than CPI, with key operating costs, in particular wages and electricity costs, increasing considerably more than CPI.
Sibanye reviewed all of its costs during the first half of 2013, identifying a number of areas in which costs could be significantly reduced. The subsequent implementation of Sibanye’s new operating strategy and revised organisational structures delivered significant production and cost benefits during the year. The implementation of the new operating model included:

- re-organising and rolling out flatter, team-based management structures. These place people with experience in mining management closer to the face. The focus on core mining at the operations was also tightened;
- implementing needs-focused management information systems supported by detailed monthly business unit performance reviews;
- revising the ore reserve management principles and practices and reassessing and introducing new operating plans applicable to individual business units;
- focusing on the quality of mining – improving the mine call factor by focusing on the areas that result in gold losses and greater attention to stoping width control; and
- eliminating scattered regional support functions by centralising and rightsizing Group support services into customer focused, cost driven centralised service departments.

Sibanye’s operations are labour intensive. Labour represented 51% and 54% of operating costs during 2013 and 2012 respectively.

During 2013 Sibanye negotiated a two-year wage agreement with the South African mining unions, that represented the majority of its workforce, at above-inflation wage increases effective from 1 July 2013 of between 7.5% to 8.0%, depending upon the category of employee. Increases from 1 July 2014 will be based on the CPI plus 0.5% or 1.0%, with a minimum of 6.5% and 7.0%, again depending upon the category of employee. The next round of wage negotiations is scheduled to begin in mid-2015.

Power and water comprised 19% and 20% of operating costs in 2013 and 2012 respectively. During 2013 Eskom applied to NERSA for an average annual tariff increase of 16.0% for a five-year period as of 1 April 2013, of which an increase of 8% was approved.

The effect of the abovementioned increases, especially being above the average inflation rate, has adversely affected, and may continue to adversely affect, the profitability of Sibanye’s operations. Further, all of Sibanye’s costs at its operations are in rand, while revenues from gold sales are in US dollars. Generally when inflation is high the rand tends to devalue, thereby increasing rand revenues, and potentially offsetting any increase in costs. However, there can be no guarantee that any cost-saving measures or the effects of any potential devaluation will offset the effects of increased inflation and production costs.

Production
Sibanye’s revenues are driven by its production levels and the price it realises from the sale of gold, as discussed above. Production can be affected by a number of factors including industrial action, safety-related work stoppages and mining grades. These factors could have an impact on production levels in the future.

In recent years, the South African mining industry has experienced greater union unrest including the entry of new unions such as the Association of Mineworkers and Construction Union (AMCU), which has become a significant rival to the traditionally dominant National Union of Mineworkers (NUM). This has resulted in more frequent industrial disputes, including violent protests, intra-union violence and clashes with police authorities. During the second half of 2012 Sibanye’s operations were affected by extended strikes which caused significant production losses. During 2013 Sibanye experienced very little disruption to production as a result of industrial action. Sibanye is continually working to improve relations with its employees and unions to hopefully prevent any future production losses.

Sibanye’s operations are also subject to South African health and safety laws and regulations that impose various duties on Sibanye’s mines while granting the authorities powers to, among other things, close or suspend operations at unsafe mines and order corrective action relating to health and safety matters. During 2013, Sibanye’s operations experienced 45 safety stoppages (2012: 49).

Driefontein, Kloof and Beatrix are in their mature life stages and have encountered lower mining grades and yields.

Sibanye’s key focus is to maintain profitable operations and sustain current production levels for a longer period than had previously been envisaged through an increased focus on productivity. Furthermore, it will focus on realising the potential that still exists in its extensive Reserves and Resources.

Royalties and mining tax
South African mining operations pay a royalty tax. The formula revenue for calculating royalties takes into account the profitability of individual operations. The royalty formula is detailed in the notes to the consolidated financial statements.
Under South African tax legislation, gold mining companies and non-gold mining companies are taxed at different rates. Driefontein, Kloof and Beatrix are subject to the gold tax formula on their respective mining income. The formula calculating tax payable, which is detailed in the notes to the consolidated financial statements, is impacted by the profitability of the applicable mining operation. In addition, these operations are ring fenced, so each operation is taxed separately and, as a result, taxable losses and capital expenditure at one of the operations cannot be used to reduce taxable income from another operation. Depending on the profitability of the operations, the tax rate can vary significantly from year to year.

**Capital expenditure**

Sibanye will continue to invest capital in new and existing infrastructure and possible growth opportunities. Therefore, management will be required to consider, on an ongoing basis, the capital expenditure necessary to achieve its sustainable production objectives against other demands on cash.

As part of its strategy, Sibanye may investigate the potential exploitation of mineralisation below its current infrastructure limits as well as other capital-intensive projects. Sibanye’s dividend policy will not, however, be affected by its capital expenditure.

During 2013 Sibanye’s total capital expenditure was R2.9 billion (2012: R3.1 billion). Sibanye expects to spend approximately R3.1 billion on capital in 2014, excluding any acquisitions.

The actual amount of capital expenditure will depend on a number of factors, such as production volumes, the price of gold and general economic conditions and may differ from the amounts forecast above. Some of these factors are outside of the control of Sibanye.

**2013 FINANCIAL PERFORMANCE COMPARED WITH 2012**

Group profit decreased from R2,980 million for 2012 to R1,698 million for 2013. The reasons for this decrease are discussed below.

The principal factors explaining the movements are set out in the table below:

<table>
<thead>
<tr>
<th>Net profit movements (Rm)</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue gold price</td>
<td>2,980</td>
<td>1,698</td>
</tr>
<tr>
<td>Revenue volume</td>
<td>12</td>
<td>35</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>2,790</td>
<td>2,790</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>1,891</td>
<td>1,891</td>
</tr>
<tr>
<td>Impairment costs</td>
<td>244</td>
<td>821</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>315</td>
<td>133</td>
</tr>
<tr>
<td>Royalties</td>
<td>315</td>
<td>133</td>
</tr>
<tr>
<td>Taxation</td>
<td>821</td>
<td>621</td>
</tr>
<tr>
<td>Net other movements</td>
<td>35</td>
<td>1,698</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gold produced (kg)</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beatrix</td>
<td>9,722</td>
<td>8,981</td>
</tr>
<tr>
<td>Kloof</td>
<td>15,977</td>
<td>15,350</td>
</tr>
<tr>
<td>Driefontein</td>
<td>18,775</td>
<td>13,728</td>
</tr>
</tbody>
</table>
Revenue

Revenue increased by 17% from R16.6 billion for 2012 to R19.3 billion for 2013. The gold price decreased by 15% in US dollar terms from an average of US$1,652/oz in 2012 to US$1,408/oz in 2013. However, the weaker rand against the US dollar offset this decline, resulting in an unchanged year-on-year average rand gold price of R434,663/kg (2012: R434,943/kg). The rand weakened by 17% year-on-year from an average of R8.19/US$ to R9.60/US$.

Gold produced for the year increased by 17% to 44,474kg (1.43Moz) from 38,059 kg (1.22Moz) in 2012. Gold production from the operations is shown in the graph on page 25.

The increase in production was largely due to two factors: Firstly, towards the end of 2012 the industry went through a period of prolonged, disruptive illegal strike action, which resulted in production losses of approximately 4,500kg (145,000oz) at Sibanye: Driefontein lost approximately 2,000kg (64,000oz), Kloof lost approximately 1,600kg (52,000oz) and Beatrix lost approximately 900kg (29,000oz). Strike action during 2013 was limited to a few days and had little, if any, effect on production levels resulting in higher production levels in 2013.

Secondly, the implementation of the new operating strategy resulted in an increase in volumes milled and an improvement in the quality of mining. This production increase was partially offset at Beatrix by a fire which started on 19 February 2013 at the Beatrix West Section resulting in approximately 366kg (12,000oz) of gold being lost.

Cost of sales

Cost of sales, which consists of operating costs and amortisation and depreciation, increased by 14% from R13,187 million in 2012 to R15,077 million in 2013.

The primary drivers of cost of sales were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>6,156</td>
<td>5,791</td>
<td>6</td>
</tr>
<tr>
<td>Consumable stores</td>
<td>2,721</td>
<td>2,576</td>
<td>6</td>
</tr>
<tr>
<td>Utilities</td>
<td>2,315</td>
<td>2,115</td>
<td>9</td>
</tr>
<tr>
<td>Mine contracts</td>
<td>928</td>
<td>937</td>
<td>(1)</td>
</tr>
<tr>
<td>Other</td>
<td>1,736</td>
<td>1,533</td>
<td>13</td>
</tr>
<tr>
<td>ORD costs capitalised</td>
<td>(1,883)</td>
<td>(2,128)</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>Operating costs</strong></td>
<td>11,973</td>
<td>10,824</td>
<td>11</td>
</tr>
<tr>
<td>Amortisation and depreciation</td>
<td>3,104</td>
<td>2,363</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total cost of sales</strong></td>
<td>15,077</td>
<td>13,187</td>
<td>14</td>
</tr>
</tbody>
</table>

The analysis that follows provides a more detailed discussion of cost of sales, together with total cash cost and All-in cost.

Operating costs – cost of sales less amortisation and depreciation

Operating costs increased by 11% from R10.824 million in 2012 to R11.973 million in 2013. This increase was due to above-inflation wage increases of between 7.5% and 8.0% depending upon the category of employee, increased electricity tariffs and costs associated with the increased production, such as stores and bonuses. Other costs increased by 13% from R1,533 million in 2012 to R1,736 million in 2013, but only by 7% if one excludes the increase of approximately R100 million in additional property taxes paid by Driefontein to the local municipality. These increases were partly offset by cost-saving initiatives implemented during the year, which resulted in improved efficiencies, together with a reduction in contractor costs, and a reduction of 5,810 employees in service.

The table on page 27 presents a reconciliation from cost of sales to total cash cost.
### Total cash cost reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Driefontein</th>
<th>Kloof</th>
<th>Beatrix</th>
<th>Corporate</th>
<th>Group</th>
<th>Driefontein</th>
<th>Kloof</th>
<th>Beatrix</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of sales per income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rm</td>
<td>15,077</td>
<td>6,339</td>
<td>5,198</td>
<td>3,519</td>
<td>21</td>
<td>13,187</td>
<td>5,290</td>
<td>4,625</td>
<td>3,254</td>
<td>18</td>
</tr>
<tr>
<td>Deduct: amortisation and depreciation</td>
<td>(3,104)</td>
<td>(1,458)</td>
<td>(1,097)</td>
<td>(528)</td>
<td>(21)</td>
<td>(2,363)</td>
<td>(987)</td>
<td>(726)</td>
<td>(632)</td>
<td>(18)</td>
</tr>
<tr>
<td><strong>Operating costs</strong></td>
<td>Rm</td>
<td>11,973</td>
<td>4,881</td>
<td>4,101</td>
<td>2,991</td>
<td>–</td>
<td>10,824</td>
<td>4,303</td>
<td>3,899</td>
<td>2,622</td>
</tr>
<tr>
<td>Adjusted for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and admin costs</td>
<td>(234)</td>
<td>(85)</td>
<td>(69)</td>
<td>(80)</td>
<td>–</td>
<td>(227)</td>
<td>(97)</td>
<td>(80)</td>
<td>(50)</td>
<td>–</td>
</tr>
<tr>
<td>Royalties*</td>
<td>415</td>
<td>198</td>
<td>147</td>
<td>70</td>
<td>–</td>
<td>282</td>
<td>66</td>
<td>145</td>
<td>71</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total cash cost</strong></td>
<td>Rm</td>
<td>12,154</td>
<td>4,994</td>
<td>4,179</td>
<td>2,981</td>
<td>–</td>
<td>10,879</td>
<td>4,272</td>
<td>3,964</td>
<td>2,643</td>
</tr>
<tr>
<td>Gold sold</td>
<td>kg</td>
<td>44,474</td>
<td>18,775</td>
<td>15,977</td>
<td>9,722</td>
<td>38,059</td>
<td>13,728</td>
<td>15,350</td>
<td>8,981</td>
<td></td>
</tr>
<tr>
<td>'000oz</td>
<td>1,430</td>
<td>604</td>
<td>514</td>
<td>313</td>
<td>–</td>
<td>1,224</td>
<td>441</td>
<td>494</td>
<td>289</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total cash cost</strong></td>
<td>R/kg</td>
<td>273,281</td>
<td>265,997</td>
<td>261,570</td>
<td>306,593</td>
<td>285,851</td>
<td>311,211</td>
<td>258,241</td>
<td>294,277</td>
<td></td>
</tr>
<tr>
<td></td>
<td>US$/oz</td>
<td>885</td>
<td>862</td>
<td>847</td>
<td>993</td>
<td>1,086</td>
<td>1,182</td>
<td>981</td>
<td>1,118</td>
<td></td>
</tr>
</tbody>
</table>

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

* Royalties are included as part of total cash costs but are reflected below operating profit in the income statement.

---

Total cash cost per kilogram decreased by 4% from R285,851/kg (US$1,086/oz) in 2012 to R273,281/kg (US$885/oz) in 2013. This decrease was as a result of the 17% increase in gold produced and sold, partly offset by the increase in royalties and operating costs described earlier.

Amortisation and depreciation increased by 31%, from R2.4 billion in 2012 to R3.1 billion in 2013. Amortisation and depreciation at Driefontein increased from R987 million to R1.5 billion in line with the 37% increase in production and applying the updated Reserves declared early in 2013. Similarly, Kloof’s amortisation and depreciation increased from R726 million to R1.1 billion, while amortisation and depreciation at Beatrix declined from R632 million to R528 million due to the West Section being impaired in mid-2013, and no longer being amortised.

**All-in cost**

A new cost measure, All-in cost, was introduced mid-year by the World Gold Council. Sibanye has adopted the principle prescribed by the Council. This new non-GAAP measure provides more transparency in the total costs associated with gold mining.

The All-in cost metric provides relevant information to investors, governments, local communities and other stakeholders in understanding the economics of gold mining. This is especially true with reference to capital expenditure associated with developing and maintaining gold mines, which has increased significantly in recent years and is reflected in this new metric.

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

All-in cost is made up of All-in sustaining cost, being the cost to sustain current operations, given as a sub-total in the All-in cost calculation, together with corporate and major capital expenditure growth. At this stage, with the focus on our current operations, Sibanye’s All-in sustaining cost and the All-in cost are the same.

The table on page 28 presents a reconciliation from operating costs to total All-in cost.
### Operating costs

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Driefontein</th>
<th>Kloof</th>
<th>Beatrix</th>
<th>Corporate</th>
<th>Group</th>
<th>Driefontein</th>
<th>Kloof</th>
<th>Beatrix</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>11,973</td>
<td>4,881</td>
<td>4,101</td>
<td>2,991</td>
<td>–</td>
<td>10,824</td>
<td>4,303</td>
<td>3,899</td>
<td>2,622</td>
<td>–</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community costs</td>
<td>24</td>
<td>9</td>
<td>8</td>
<td>7</td>
<td>–</td>
<td>20</td>
<td>4</td>
<td>10</td>
<td>6</td>
<td>–</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>306</td>
<td>61</td>
<td>47</td>
<td>42</td>
<td>156</td>
<td>264</td>
<td>72</td>
<td>44</td>
<td>42</td>
<td>106</td>
</tr>
<tr>
<td>Royalties</td>
<td>415</td>
<td>199</td>
<td>147</td>
<td>69</td>
<td>–</td>
<td>282</td>
<td>66</td>
<td>145</td>
<td>71</td>
<td>–</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>165</td>
<td>84</td>
<td>54</td>
<td>27</td>
<td>–</td>
<td>91</td>
<td>31</td>
<td>37</td>
<td>23</td>
<td>–</td>
</tr>
<tr>
<td>Ore Reserve deposits</td>
<td>1,883</td>
<td>703</td>
<td>844</td>
<td>336</td>
<td>–</td>
<td>2,128</td>
<td>849</td>
<td>831</td>
<td>448</td>
<td>–</td>
</tr>
<tr>
<td>Sustaining capital expenditure</td>
<td>1,018</td>
<td>319</td>
<td>460</td>
<td>201</td>
<td>38</td>
<td>979</td>
<td>241</td>
<td>505</td>
<td>211</td>
<td>22</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By-product credit</td>
<td>(23)</td>
<td>(10)</td>
<td>(7)</td>
<td>(6)</td>
<td>–</td>
<td>(23)</td>
<td>(8)</td>
<td>(7)</td>
<td>(8)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total All-in sustaining costs</strong></td>
<td><strong>15,761</strong></td>
<td><strong>6,246</strong></td>
<td><strong>5,654</strong></td>
<td><strong>3,667</strong></td>
<td><strong>194</strong></td>
<td><strong>14,565</strong></td>
<td><strong>5,558</strong></td>
<td><strong>5,464</strong></td>
<td><strong>3,415</strong></td>
<td><strong>128</strong></td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other corporate costs</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Major growth projects</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total All-in cost</strong></td>
<td><strong>15,761</strong></td>
<td><strong>6,246</strong></td>
<td><strong>5,654</strong></td>
<td><strong>3,667</strong></td>
<td><strong>194</strong></td>
<td><strong>14,565</strong></td>
<td><strong>5,558</strong></td>
<td><strong>5,464</strong></td>
<td><strong>3,415</strong></td>
<td><strong>128</strong></td>
</tr>
</tbody>
</table>

- **Gold sold**
  - kg: 44,474, 18,775, 15,977, 9,722
  - '000oz: 1,430, 604, 514, 313

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Driefontein</th>
<th>Kloof</th>
<th>Beatrix</th>
<th>Corporate</th>
<th>Group</th>
<th>Driefontein</th>
<th>Kloof</th>
<th>Beatrix</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>R/kg</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US$/oz</td>
<td>1,148</td>
<td>1,078</td>
<td>1,147</td>
<td>1,222</td>
<td>–</td>
<td>1,453</td>
<td>1,538</td>
<td>1,352</td>
<td>1,444</td>
<td>–</td>
</tr>
</tbody>
</table>

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

1 Share-based payments are calculated based on the fair value at initial recognition and do not include the fair-value adjustment of the cash-settled share-based payment liability to the reporting fair value.

**Net operating profit**

As a result of the factors discussed above, net operating profit increased by 26% from R3,367 million in 2012 to R4,254 million in 2013.

**Investment income**

Income from investments increased by 52% from R106 million in 2012 to R160 million in 2013.

Interest on cash balances increased from R35 million in 2012 to R63 million in 2013, due to higher cash balances in 2013 particular, during the wage negotiation period, where cash was retained until the wage negotiations were finalised. In 2012 Sibanye was part of the Gold Fields group and as a result Sibanye’s excess cash was applied to other projects within the Gold Fields group.

Interest on funds invested in various interest bearing investments for the environmental rehabilitation obligations of the group increased from R70 million in 2012 to R85 million in 2013, due to higher balance of the fund when compared to 2012.

The 2013 total investment income includes R12 million, relating to the unwinding of the financial guarantee asset (2012: Rnil).

**Finance expenses**

Finance expenses increased from R177 million in 2012 to R420 million in 2013. Interest on borrowings increased from R114 million in 2012 to R319 million in 2013, mainly due to the increase in the average indebtedness year-on-year. During the first half of 2012 Sibanye had debt of R975 million, which increased during the second half of the year to R4,220 million mainly due to the Ya Rona fire and the illegal industrial actions. Sibanye’s debt outstanding during the first half of 2013 was approximately R4,000 million. It was only during the second half of the year that Sibanye was able to reduce its debt levels to R2,500 million. The interest margin under the Bridge Loan Facilities was also higher than that of the Gold Fields group facilities.

The environmental rehabilitation liability accretion expense increased from R58 million in 2012 to R93 million in 2013.
in 2013 mainly due to an increase in the estimates accounted for in 2012.

**Share-based payments**

In terms of the previously existing Gold Fields Share Plans, all Gold Fields shares vested pro rata (no-fault termination rules applied) to Gold Fields employees who remained with Sibanye following the unbundling of Sibanye. The proportionate values of unvested options under the Gold Fields Share Plans on date of unbundling were replaced with Sibanye share instruments to the equivalent value, under the Sibanye 2013 Share Plan (SGL Share Plan).

Sibanye’s Remuneration Committee has limited the issuance of share options for the 2013 allocation under the SGL 2013 Share Plan to certain senior management only. The balance of senior management and middle management, who previously participated in the equity-settled share option scheme, now participate in a cash-settled share scheme, the Sibanye 2013 Phantom Share Scheme (SGL Phantom Scheme). The same rules will apply to the cash-settled share scheme as would have applied to the equity-settled share options under the SGL Share Plan, other than the issue of new shares to participants.


The cash-settled share instruments are valued at each reporting period based on the fair value of the instrument at that reporting date. The difference between the reporting date fair value and the initial recognition fair value of these cash-settled share options is included in (loss)/gain on financial instruments in the income statement.

**Impairment**

An underground fire during February 2013 at Beatrix West Section affected approximately 38% of the planned production area, impacting on the commercial viability of the Beatrix West Section. As a result a decision was taken during the year to impair Beatrix West’s mining assets by R821 million.

**Loss on loss of control of subsidiary**

Living Gold Proprietary Limited’s (Living Gold) management acquired a 30% interest in Living Gold from Sibanye in 2013 (2012: 10%) and had an option to acquire a further 10% in 2014, which it exercised subsequent to year end. Sibanye has assessed and concluded that the management of Living Gold substantively controls the entity in terms of IFRS 10. As a result of the loss of control, Living Gold was de-recognised as a subsidiary, and accounted for as an equity-accounted investment.

**Restructuring costs**

Restructuring costs increased from R124 million in 2012 to R439 million in 2013. The cost in 2013 included R403 million on voluntary separation packages and retrenchment costs, and R36 million on business process re-engineering costs, while costs in 2012 included R25 million on voluntary separation packages and R99 million on business process re-engineering costs.

**Royalties**

Royalties increased from R282 million in 2012 to R415 million in 2013. The increased royalty in 2013 is mainly due to the increase in gold sold.

The rate of royalty tax payable as a percentage of revenue was:

<table>
<thead>
<tr>
<th>(%)</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driefontein</td>
<td>2.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Kloof</td>
<td>2.1</td>
<td>2.2</td>
</tr>
<tr>
<td>Beatrix</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Average for Group</td>
<td>2.1</td>
<td>1.7</td>
</tr>
</tbody>
</table>

**Mining and income taxation**

Mining and income taxation increased from a net credit of R365 million in 2012 to an expense of R256 million in 2013. The table below indicates Sibanye’s effective tax expense rate in 2013 and 2012.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining and income tax (Rm)</td>
<td>256</td>
<td>(365)</td>
</tr>
<tr>
<td>Effective taxation rate (%)</td>
<td>13.1</td>
<td>(14.0)</td>
</tr>
</tbody>
</table>
In 2013, the tax expense rate of 13% was lower than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:
• R330 million reduction related to the mining tax formula rate adjustment;
• R214 million deferred tax released on reduction of the long-term expected tax rate at the operations; and
• R1 million of net non-deductible expenditure and non-taxable income.

The above were offset by the following tax-affected charges:
• R64 million adjustment reflected the actual realised company tax rates; and
• R73 million non-deductible charges related to share-based payments.

In 2012 the effective tax expense rate of negative 14% was lower than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:
• R17 million adjustment reflected the actual realised tax rates;
• R282 million reduction related to the mining tax formula rate adjustment;
• R1,004 million deferred tax released on reduction of the long-term expected tax rate at the operations as a result of the change in the statutory tax rate; and
• R41 million of net non-deductible expenditure and non-taxable income.

The above were offset by the following tax-affected charges:
• R90 million non-deductible charges related to share-based payments.

**Profit for the year**

As a result of the factors discussed above, the Group posted a profit for the year of R1,698 million in 2013, compared with R2,980 million in 2012. Of this, R1,692 million (2012: R2,980 million) is attributable to the owners of Sibanye.
Cash flows from operating activities

Cash inflows from operating activities increased from R2,621 million in 2012 to R6,360 million in 2013. The items contributing to the year-on-year increase of R3,739 million were due to the factors in the table below:

<table>
<thead>
<tr>
<th>R million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in cash generated by operations mainly due to increase in gold production</td>
</tr>
<tr>
<td>Increase in release from working capital</td>
</tr>
<tr>
<td>Increase in interest paid</td>
</tr>
<tr>
<td>Decrease in royalties paid</td>
</tr>
<tr>
<td>Decrease in taxes paid</td>
</tr>
<tr>
<td>Decrease in dividends paid</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Increase in cash flows from operating activities</td>
</tr>
</tbody>
</table>

Cash flows from investing activities

Cash outflows from investing activities decreased from R3,126 million in 2012 to R3,072 million in 2013 due to the reduction in capital expenditure.

Capital expenditure decreased by 7% from R3,107 million in 2012 to R2,902 million in 2013. Capital expenditure at the individual mines is shown in the graph below:

Cash flows from financing activities

Cash flows from financing activities resulted in an outflow of R2,088 million in 2013 as discussed below.

On 1 February 2013, Gold Fields subscribed for a further 731,647,614 shares in Sibanye (in addition to the 1,000 shares it held) at a subscription price of R17,246 million. Sibanye used R17,108 million of the proceeds to repay the GFL Mining Services Limited (GFLMS, a subsidiary of Gold Fields) loan.

On 18 February 2013, the date of unbundling from Gold Fields, Sibanye refinanced its R3,500 million (2012: R3,000 million) long-term credit facilities and R900 million (2012: R1,220 million) short-term credit facilities, which were Gold Fields group debt facilities, by drawing down R4,570 million under the Bridge Loan Facilities.

Sibanye repaid R2,570 million of the Bridge Loan Facilities during the year and on 13 December 2013, Sibanye repaid the balance of the Bridge Loan Facilities by drawing down R2,000 million under the new R4.5 billion Facilities.

Cash flows from financing activities in 2012 resulted in an inflow of R434 million. Debt increased by R4,220 million during the year to fund working capital mainly as a result of the Ya Rona fire and the illegal industrial actions. The net decrease in related-party loans with Gold Fields group entities was R3,786 million.
guarantors, respectively, and rank obligations of orogen and the guarantees constitute direct, on a joint and several basis. The notes is unconditionally and irrevocably amount due in respect of the notes, the liability will be re-valued to meet its obligation under the bond and, should facts and circumstances change, on the ability 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 bond 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 at 31 december 2013 the balance was R207 million (2012: R196 million). The financial guarantee liability is converted at the year-end exchange rate of R10.34/US$ (2012: R8.57/US$). The weaker rand against the US dollar has resulted in the increase in the financial guarantee liability from 31 december 2012 to 31 december 2013.

As of 18 February 2013, orogen is obliged to pay a semi-annual guarantee fee to sibanye until sibanye is released as a guarantor under the notes. The group has raised a financial guarantee asset for the future fee income. At 31 december 2013 the balance was R290 million of which R52 million is current.

borrowings

Total debt (short- and long-term) decreased from R4,220 million at 31 December 2012 to R1,991 million at 31 December 2013. Net debt (total debt less cash and cash equivalents) decreased from R3,928 million at 31 December 2012 to R499 million at 31 December 2013.

At 31 December 2013, Sibanye had committed unutilised banking facilities of R2.5 billion available under the R4.5 billion facilities.

Further details in respect of the R4.5 billion facilities are contained within note 24 on page 130: Borrowings, to the 2013 consolidated financial statements.

working capital and going-concern assessment

The group’s current liabilities exceeded its current assets by R887 million as at 31 December 2013. Current liabilities at year end include the financial guarantee liability of R207 million (as detailed above) which does not reflect the true liquidity of sibanye per se, as sibanye believes that gold fields is currently in a position to meet its obligations under the notes.

With the bridge loan facilities refinanced, Sibanye was in a position to actively manage its debt position and, as a result, repaid an additional R500 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.

off balance sheet arrangements and contractual commitments

At 31 december 2013, sibanye had no off balance sheet items.
Further details in respect of contractual commitments are disclosed in the following notes to the consolidated financial statements:

<table>
<thead>
<tr>
<th>Contractual Commitments</th>
<th>Note per the consolidated financial statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantees</td>
<td>17 – Financial guarantee</td>
</tr>
<tr>
<td>Environmental rehabilitation obligation</td>
<td>25 – Environmental rehabilitation obligation</td>
</tr>
<tr>
<td>Post-retirement healthcare obligation</td>
<td>26 – Post-retirement healthcare obligation</td>
</tr>
<tr>
<td>Commercial commitments</td>
<td>33 – Commitments</td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td>34 – Contingent liabilities</td>
</tr>
<tr>
<td>Debt</td>
<td></td>
</tr>
<tr>
<td>– Capital</td>
<td>24 – Borrowings</td>
</tr>
<tr>
<td>– interest</td>
<td>37 – Risk management activities</td>
</tr>
</tbody>
</table>

These contractual commitments for expenditure, together with other expenditure and liquidity requirements, will be met from internal cash flow and, to the extent necessary, from the existing facilities.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Sibanye’s significant accounting policies are fully described in the various notes to its consolidated financial statements. Some of Sibanye’s accounting policies require the application of significant judgments and estimates by management that can affect the amounts reported in the consolidated financial statements. These judgments and estimates are based on management’s best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the consolidated financial statements.

Sibanye’s significant accounting policies that are subject to significant judgments, estimates and assumptions are:
- Basis of preparation
- Consolidation
- Share-based payments
- Royalties, mining and income taxation
- Property, plant and equipment
- Environmental rehabilitation obligations
- Contingent liabilities

**SARBANES-OXLEY ACT**

Sibanye, being a foreign private issuer as defined under the US Securities and Exchange Act of 1934 (the Exchange Act), must comply with the requirements of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act). Management’s compliance programme has consisted of self-assessments, focused walk-throughs and operating-effectiveness testing executed throughout the year, on a quarterly basis.

At the time of reporting, management had completed control-design and operating-effectiveness testing for the Group across all significant locations, with the exception of the processes relating to preparation of its US annual report on Form 20-F.

The results to date of said compliance programme indicate a very high level of compliance and no indication of a material breakdown in controls was noted.

**Charl Keyter**  
Chief Financial Officer  
25 April 2014
engaging with stakeholders

COMMUNICATION AND ENGAGEMENT
In line with its Corporate Communications and Engagement Strategy, Sibanye communicates with key stakeholders on a regular basis to keep them informed of developments.

The development of the Corporate Communications and Engagement Strategy entailed:
- a review of the existing communications framework and practices;
- an external environmental scan;
- the development of communications and engagement objectives and guiding principles; and
- the establishment of monitoring, evaluation and performance management arrangements.

The strategy developed in 2013 will remain under review and is a dynamic document to be updated from time to time.

Sibanye’s engagement strategy is based on six objectives, supporting the delivery of its corporate objectives, which are to:

1. **Promote the Sibanye brand**
   - Position and strengthen the brand among key stakeholders
   - Inculcate the Group pay-off line – ‘We are one’ – as a philosophy to engender a sense of ownership and accountability necessary to realise its vision
   - Build brand awareness and legitimacy
   - Achieve sustainable brand value

2. **Build credibility and trust in Sibanye**
   - Influence and work alongside stakeholders to deliver on its vision
   - Deliver on its promises

3. **Build a new corporate culture for Sibanye by increasing awareness of its vision, mission, aims, objectives and values**
   - Employees are aligned with the Group’s purpose, vision and values and understand what is needed of them to make a meaningful contribution
   - Employee engagement and achievement of organisational effectiveness

4. **Improve communications and engagement capability and capacity of staff across the organisation and ensure resources are used to maximum effect**
   - Building capability among the communications staff is central to achieving the objectives of the Communications and Engagement Strategy
   - Achievement of vision hinges on every manager becoming a communicating leader

5. **Establish two-way internal communication across the Group**
   - Checking that messages reach internal target audiences and employees, and closing the loop to ensure that messages are understood and internalised
   - Providing an opportunity for employee contribution
   - Ensuring clarity on management’s role in communication

6. **Provide high-quality, efficient and effective communication and engagement between Sibanye and external communities**
   - Influence and work alongside key stakeholders
   - Ensure understanding of the Sibanye portfolio of projects and impacts on communities
   - Consistent messaging to stakeholders

‘Our stakeholder engagement is dynamic.’
Strategic accountable leadership
**SIBANYE’S PRIMARY STAKEHOLDERS**

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Some specific stakeholders</th>
</tr>
</thead>
</table>
| Local and provincial government | West Rand District Municipality  
Westonaria Local Municipality  
Merafong Local Municipality  
Matjhabeng Local Municipality  
Masilonyana Local Municipality  
Lejweleputswa District Municipality  
Gauteng Provincial Government  
Free State Provincial Government                                   |
| National government        | Department of Mineral Resources (DMR)  
Department of Labour (DoL)  
Department of Education (DoE)  
Department of Higher Education  
Department of Environmental Affairs (DEA)  
Department of Water Affairs (DWA)  
Department of Health (DoH)  
Department of Rural Development and Land Reform  
Portfolio Committee on Mineral Resources  
National Treasury                                   |
| Non-governmental organisations (NGOs) | Wildlife and Environment Society of South Africa  
Earthlife Africa  
Federation for a Sustainable Environment  
Groundwork South Africa                                   |
| Forums/key institutions    | Chamber of Mines of South Africa  
Suppliers/contractors  
West Rand District Mining Forum  
Merafong Community Mining Forum  
Far West Rand Dolomitic Water Association                                   |
| Organised labour           | NUM  
Solidarity  
UASA  
AMCU  
Sibanye Group Leadership Forum                                   |
| Regulators                 | DMR  
DWA  
DEA  
National Nuclear Regulator (NNR)  
National Energy Regulator of South Africa  
JSE  
NYSE/US Securities and Exchange Commission (SEC) |

*engaging with stakeholders continued*
### Stakeholder group

<table>
<thead>
<tr>
<th>Communities</th>
<th>Some specific stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tin City</td>
<td></td>
</tr>
<tr>
<td>Kokosi</td>
<td></td>
</tr>
<tr>
<td>Theunissen</td>
<td></td>
</tr>
<tr>
<td>Welkom</td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td></td>
</tr>
<tr>
<td>Blybank</td>
<td></td>
</tr>
<tr>
<td>Hillshaven</td>
<td></td>
</tr>
<tr>
<td>Glenharvie</td>
<td></td>
</tr>
<tr>
<td>Fochville</td>
<td></td>
</tr>
<tr>
<td>Bekkersdal</td>
<td></td>
</tr>
<tr>
<td>Simunye</td>
<td></td>
</tr>
<tr>
<td>Farmers/landowners</td>
<td></td>
</tr>
</tbody>
</table>

### Media

<table>
<thead>
<tr>
<th>National media</th>
<th>Regional newspapers and broadcasters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local newspapers and broadcasters</td>
<td></td>
</tr>
<tr>
<td>Specialist trade media</td>
<td></td>
</tr>
<tr>
<td>Information websites</td>
<td></td>
</tr>
<tr>
<td>Community media</td>
<td></td>
</tr>
</tbody>
</table>

### Other

<table>
<thead>
<tr>
<th>Sibanye Board of directors</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors/providers of capital (shareholders and banks)</td>
<td>Sibanye Executive Committee (Exco)</td>
</tr>
<tr>
<td>Retired employees</td>
<td></td>
</tr>
<tr>
<td>Families of employees</td>
<td></td>
</tr>
<tr>
<td>Mining units</td>
<td></td>
</tr>
<tr>
<td>Board committees (particularly Safety, Health and Sustainable Development, Social and Ethics, Audit and Risk)</td>
<td></td>
</tr>
</tbody>
</table>
directors and management

**DIRECTORS**

**Sello Moloko (48)**
*Chairman*

BSc (Honours) and Postgraduate Certificate in Education, University of Leicester
Advanced Management Programme, Wharton

Sello Moloko was appointed non-executive Chairman of the Board on 1 January 2013. Prior to this, he served as a director of Gold Fields from 25 February 2011 to 31 December 2012. Sello is the Executive Chairman and founder of the Thesele Group and Chairman of the Alexander Forbes Group. He has an extensive career in financial services, including periods at Brait Asset Managers and Old Mutual, where he was CEO of Old Mutual Asset Managers until 2004. Sello’s other directorships are Sycom Property Fund and Acucap Limited. He is a trustee of the Nelson Mandela Foundation Investment Committee.

**Neal Froneman (54)**
*Chief Executive Officer*

BSc Mech Eng (Ind Opt), University of the Witwatersrand
BCompt, University of South Africa
Pr Eng

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

**Charl Keyter (40)**
*Chief Financial Officer*

Executive Director

BCom, University of Johannesburg
MBA, North-West University
ACMA and CGMA

Charl Keyter was appointed a director on 9 November 2012 and was appointed an executive director and CFO of Sibanye on 1 January 2013. Previously, he was Vice President and Group Head of International Finance for Gold Fields. Charl has more than 18 years’ mining experience having begun his career in February 1995 with Gold Fields. He is also a non-executive director of Oil Recovery and Maintenance Services Proprietary Limited.

**Timothy Cumming (56)**
*Non-executive director*

BSc (Honours) (Engineering), University of Cape Town
BA (PE), MA (Oxon)

Timothy Cumming was appointed a non-executive director on 21 February 2013. He is the founder and partner of Scatterlinks, a South African-based company offering mentoring services.
Strategic accountable leadership

and coaching to senior business executives as well as strategic advisory services to financial services businesses. He was previously involved with the Old Mutual Group in various capacities: CEO of the Old Mutual Investment Group SA; Executive Vice President – Director of Global Business Development of Old Mutual Asset Management (USA); Managing Director – Head of Corporate Segment of Old Mutual (South Africa); Strategy Director of Old Mutual (Emerging Markets); and Interim CEO of Old Mutual Investment Group (South Africa). He was also executive director and Head of Investment Research (Africa) for HSBC Securities. Timothy started his career as a management trainee at the Anglo American Corporation of South Africa Limited. He worked on a number of diamond mines and was Resident Engineer at Anglo’s gold mines in Welkom.

Barry Davison (68)
Non-executive director
BA (Law and Economics), University of the Witwatersrand
Graduate Commerce Diploma, Birmingham University
CIS Diploma in Advanced Financial Management and Advanced Executive Programme, University of South Africa

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

Richard Menell (58)
Non-executive director
MA (Natural Sciences, Geology), Trinity College, Cambridge
MSc (Mineral Exploration and Management), Stanford University

Richard (Rick) Menell was appointed a non-executive director on 1 January 2013. He has over 30 years’ experience in the mining industry and has been a director of Gold Fields since 8 October 2008. Previously, he has occupied the positions of President and Member of the Chamber of Mines of South Africa, President and CEO of TEAL Exploration & Mining Inc., Chairman of Anglovaal Mining Limited and Avgold Limited, Chairman of Bateman Engineering, Deputy Chairman of Harmony and African Rainbow Minerals Limited. He has also been a Director of Telkom SA Limited, Standard Bank Group Limited and Mutual and Federal Insurance Company Limited. He is currently a non-executive director and Chairman of Credit Suisse Securities Johannesburg, non-executive director of Weir Group plc, Rockwell Diamonds Inc. and the Tourism Enterprise Partnership. Rick is a Trustee of Brand South Africa and the Carrick Foundation. He is Co-Chairman of the City Year South Africa Citizen Service Organisation, and Chairman and trustee of the Palaeontological Scientific Trust.
Nkosemntu Nika (56)  
Non-executive director  
BCom, University of Fort Hare  
BCompt (Honours), Unisa  
Advanced Management Programme, INSEAD  
CA(SA)  

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

Keith Rayner (57)  
Non-executive director  
BCom, Rhodes University  
CTA, CA(SA)  

Keith Rayner was appointed a non-executive director on 1 January 2013. He is a Chartered Accountant with experience in corporate finance and is CEO of KAR Presentations which specialises in corporate finance and regulatory advice. He is an independent non-executive director of Goliath Gold Limited, Sabie Gold Proprietary Limited, John Daniel Holdings Limited, Keidav Properties Proprietary Limited and Appropriate Process Technologies Proprietary Limited. He is a member of the JSE’s Issuer Regulation Advisory Committee. He was a member of the committee that wrote the Takeover Regulations in the Companies Act. He is a non-practising member of the South African Institute of Stockbrokers, a Fellow of the Institute of Directors, and a current and previous member of various SAMREC and SAMVAL working groups and a previous member of the Accounting Practices Committee.

Zola Skweyiya (72)  
Non-executive director  
LLD, University of Leipzig  

Zola Skweyiya was appointed a non-executive director on 1 October 2013. He was Minister of Public Service and Administration from 1994 to 1999 and Minister of Social Development from 1999 to 2008. He was a founding member of the Centre for Development Studies at the University of the Western Cape. Zola also served on the board of trustees of the National Commission for the Rights of Children. He was previously the Chairman of the United Nations Commission for Social Development and the founder and chairman of the African National Congress Constitution Committee. In August 2013 he returned to South Africa after serving as the South African High Commissioner to the United Kingdom. He is also a director of Umsimbithi Holdings.
Susan van der Merwe (59)
Non-executive director
BA, University of Cape Town

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

Jerry Vilakazi (53)
Non-executive director
BA, University of South Africa MA, Thames Valley, MA, London, MBA, California Coast University

Jerry Vilakazi was appointed a non-executive director on 1 January 2013. He is Chairman of Palama, which he co-founded to facilitate investment in a diversified portfolio. He is the past CEO of Business Unity South Africa (BUSA). Prior to this he was Managing Director of the Black Management Forum. In 2009 Jerry was appointed to the Presidential Broad-Based Black Economic Empowerment Advisory Council and in 2010 he was appointed as a Commissioner of the National Planning Commission. He was appointed Public Service Commissioner in 1999 and has played a critical role in shaping major public service policies in post 1994 South Africa. Jerry is the chairman of the Mpumalanga Gambling Board, Mpumalanga Economic Growth Agency and the State Information and Technology Agency, or SITA. He is the non-executive Chairman of Netcare Limited and holds non-executive directorships in Goliath Gold Limited, Blue Label Telecoms, General Health Group (UK) and Palama Investments.

TERM OF OFFICE
Sello Moloko, Neal Froneman, Charl Keyter, Keith Rayner and Zola Skweyiya retire by rotation at the upcoming Annual General Meeting and are eligible and offer themselves for re-election. Timothy Cumming, Barry Davison, Richard Menell, Nkosemntu Nika, Susan van der Merwe and Jerry Vilakazi retire by rotation in 2015.

‘The board comprises nine independent non-executive directors, the CEO and CFO.’
**EXECUTIVE MANAGEMENT**

**Shadwick Bessit (51)**  
Senior Vice President: Technical Services  
National Higher Diploma, Wits Technikon  
Executive Development Programme, GIBS  
Mine Manager’s Certificate of Competency

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

**Hartley Dikgale (53)**  
Vice-President: General Counsel and Sustainable Development  
BCom, University of the North  
LLB, HDip (Company Law), University of the Witwatersrand  
LLM, Vista

Hartley Dikgale is an admitted advocate of the High Court of South Africa and has more than 30 years of corporate experience as a business executive. He has served on more than 20 boards of directors of both listed and unlisted companies. He was initiated in the mining sector in 2004 when he served in the JSE listed Pamodzi Gold Limited as a Non-executive Director.

He has worked for the following companies and institutions, among others: Sanlam, Old Mutual, Independent Communications Authority of South Africa (ICASA), Rand Water and Pamodzi Investment Holdings Proprietary Limited. In recent years, Hartley has worked for Rand Uranium Proprietary Limited (Rand Uranium) in an executive capacity as a General Counsel.

When Gold One acquired Rand Uranium, Hartley joined and served Gold One in the capacity of a Senior Vice President: General Counsel and Sustainable Development. He is now serving Sibanye in a similar capacity.

**Cain Farrel (64)**  
Company Secretary  
MBA, Southern Cross University, Australia  
FCIS

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

**Nash Lutchman (51)**  
Senior Vice President: Protection Services  
BA (Honours) Criminology, University of KwaZulu-Natal

Nash Lutchman has more than 25 years experience in the policing and security environments. He enlisted in the SA Police in 1987 and rose through the ranks from a Constable in 1988, to a Brigadier in 1999. During his time with the SAP, Nash served in various divisions at senior levels. In 2004 he joined De Beers as a Security Manager at the De Beers Kimberley mines, and subsequently held key positions within the group as Group Crime and Intelligence Manager, Regional Security Manager, Group Investigations and Crime Information Manager, before being appointed to head the Security Division at De Beers consolidated mines.

In 2008 Nash joined Gold Fields as Manager Special Investigations and was appointed to Senior Manager and Head of Gold Fields Protection Services in July 2009. During March 2012, Nash was appointed as Vice President and Group Head of Protection Services for the Gold Fields Group. In March 2014 Nash was promoted to Senior Vice President responsible for developing and delivering a holistic protection strategy for Sibanye.

**Dawie Mostert (44)**  
Senior Vice President: Organisational Effectiveness  
MDP (Adv Labour Law), MBA, University of South Africa

Dawie Mostert, who has more than 16 years’ experience in the mining industry, was appointed to his position on 1 January 2013. Prior to joining Sibanye, he served as Vice President Commercial Services at Gold One and previously as Vice President Human Capital at Great Basin Gold Limited. Prior to joining Great Basin Gold in 2006, he was an Executive for Organisational Development and Employee Relations at Harmony from 2002 to 2006. Dawie joined Harmony in 1996 as part of the acquisition transformational team and was appointed Mine Manager at Elandsrand mine from 2001 to 2002.

**Adam Mutshinya (50)**  
Senior Vice President: Human Capital  
BAdmin (Honours) (Industrial Psychology), University of Venda

Adam Mutshinya was appointed to his position on 1 March 2013. Prior to his appointment to Sibanye, and from 1 December 2012, he was Vice President and Head of Human Resources – SA Region of Gold Fields. Before that he was Vice President and Head of Group Talent Management at Gold Fields. Prior to joining Gold Fields in November 2011, Adam was with the South African Forestry Company (SAPC0L). Here – between September 2006 and June 2011 – he held the senior positions of Group Executive: Human Resources and Senior Group Executive: Human Capital. Prior to this, Adam held various positions at Anglo Platinum. Between October 2003 and August 2006 he was Human Resource (HR) Manager: Platinum Expansion Programme, HR Manager: Smelter Operations and the Group HR Manager Transformation.

**Dick Plaistowe (64)**  
Senior Vice President: Surface Operations and Processing  
BSc (Hons) (Mining Engineering), Nottingham University  
Mine Manager’s Certificate of Competency for Metalliferous and Fiery Coal Mines.
#### Marius Saaiman (42)
**Senior Vice President: Business Development**
BCom (Honours) (Accounting), University of Johannesburg, CA (SA)

A member of the South African Institute of Chartered Accountants, Marius Saaiman was appointed to his position in February 2014. Prior to joining Sibanye, Marius was the joint CEO at Village Main Reef Limited. Before this, he was the acting CEO of Simmer and Jack Mines Limited. Prior to this, Marius was Managing Director at Macquarie, responsible for coverage of the resources sector as well as advising on mergers and acquisitions within the sector. Previous positions include investment advisor at African Global Capital, a resources focused private equity fund, head of corporate finance at Kumba Iron Ore Limited and Vice President Corporate Finance at Anglo American plc. Marius has had a long association with the mining industry, both within large corporates, as well as in the investment banking arena.

#### Richard Stewart (38)
**Senior Vice President Business Development**
BSc (Honours), PhD (Geology) (University of Witwatersrand)

Richard Stewart has over 15 years’ experience in South Africa’s geological and mining industries and is a professional natural scientist registered with South African Council for Natural Scientific Professions (SACNASP). Prior to joining Sibanye Gold, he served as the Executive Vice President of Technical services for Gold One and was also the CEO for Goliath Gold. He was an investment consultant for African Global Capital SA, and has held management positions at Uranium One, Shango Solutions Consultancy and CSIR Mining Technology.

#### Peter Turner (57)
**Chief Operating Officer**
National Higher Diploma (Mechanical Engineering), Vaal Triangle Technikon

Peter Turner was appointed to his position on 1 January 2013. Prior to his appointment to Sibanye, he was Executive Vice President, Head of the South Africa region of Gold Fields. Between August 2009 and August 2011 he served as Executive Vice President, Head of West Africa. He moved to Ghana in 2008 when he was appointed Vice President of Operations. In 2005 he was the head of the Kloof mine in South Africa and later the Driefontein mine. Between 2002 and 2005 he was Managing Director of Geita Gold Mining Limited in Tanzania. Before that, Peter was General Manager of East and West Africa Region for AngloGold Ashanti which is where he spent the majority of his career. He progressed through the ranks, starting as an Engineering Trainee at Vaal Reefs in 1975, later spending time in various managerial positions at a number of gold mining operations. Peter has more than 34 years’ experience in the mining industry.

#### Robert van Nierkerk (49)
**Senior Vice President: Organisational Effectiveness**

Robert van Nierkerk was appointed to the position in February 2013. Prior to joining Sibanye, he was the Senior Vice President and Group Head of Mining at Gold Fields. Before that he occupied several senior management positions at Gold Fields and Anglo Platinum, management positions at Uranium One and Gold One. Robert began his mining career in 1982 as a Barlow’s Learner Official and progressed through the mining ranks at East Rand Proprietary Mines, Harmony, Anglo Platinum, Gold One, Uranium One and Gold Fields, where he gained extensive South African and international mining experience.

#### James Welsted (44)
**Senior Vice President: Corporate Affairs**
BSc (Honours) (Geology), University of the Witwatersrand (Wits)

James Welsted was appointed to his position on 1 January 2013. Prior to joining Sibanye, and from 2011, he was a mining analyst at JP Morgan covering the South African diversified mining sector. Previously, James spent seven years as the Executive Head of Investor and Media Relations at Mvelaphanda Resources, until its unbundling in 2011. Between 1998 and 2004, James was an analyst at JP Morgan, covering the South African and African gold mining companies and contributing to JP Morgan’s supply and demand and gold price forecasts.
opportunities and risks

Oversight, responsibility and governance
The Board is responsible for overseeing the entire risk-management process. The Board delegates this authority to the Audit and Risk Committee to implement and ensure compliance with appropriate risk-management protocols and processes.

In terms of its Risk-Management Policy, Sibanye strives to manage risk effectively to protect the Group’s assets, stakeholders, environment and reputation to ensure achievement of the business objectives.

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

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

Underpinning these objectives, the Group has implemented the following actions:
• introduction of a comprehensive and systematic risk-assessment and reporting process across the organisation;
• creation of an environment where risks are controlled and mitigated within the accepted and approved Sibanye risk-tolerance levels accepted and approved by Sibanye;
• integration of the outputs of specialist risk functions to provide an informed view of the risks associated with the business activities;
• raising awareness of risks and outcomes in business processes, and the potential impact on stakeholders;
• fostering a culture of continuous improvement in risk management through audit and review processes; and
• creation of an appropriate risk-financing programme based on the risk profiles developed in the assessment process.

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

At operational level, the risk owner is someone who is represented on Exco. The responsibility of mitigating risks is given to representatives in relevant departments. The emphasis lies on the business taking ownership of risk.

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

RISK-MANAGEMENT REVIEW PROCESS AND REPORTING STRUCTURE

| Sibanye Board | Risk disclosure to all stakeholders in the annual integrated report and SEC Form 20F |
| Sibanye Support Services | Beatrix | Driefontein | Kloof |
| BSGS Executive |
| STRATEGIC RISK – TOP RISKS PER OPERATION OR DIVISION |
| BASELINE RISK ASSESSMENT AND RISK PROFILE |
| Initial hazard identification and risk assessment, methods or processes are introduced |
| ISSUE-BASED RISK ASSESSMENT/CHANGE-MANAGEMENT PROCEDURE |
| After an accident/incident or when new equipment, methods or processes are introduced |
| CONTINUOUS/ONGOING RISK ASSESSMENTS |
| Checklists in terms of mine-safety management/planned maintenance |
**KEY OBJECTIVES OF THE COMBINED ASSURANCE APPROACH**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimising assurance coverage</td>
<td>Co-ordinating the efforts of management, internal and external assurance providers</td>
</tr>
<tr>
<td>Systematic assessment of key risks associated with strategic objectives</td>
<td>Extent to which risks have been fully identified and responded to based on organisational objectives</td>
</tr>
<tr>
<td>Support the Audit and Risk Committee in assessing the effectiveness of internal financial controls</td>
<td>Assurance to the Board in making its statements on internal control in the Integrated Report</td>
</tr>
<tr>
<td>Provide context of the impact of inadequate and ineffective controls</td>
<td>Quantitative and qualitative impact of control breakdown on the overall control environment and areas for improvement</td>
</tr>
</tbody>
</table>

**COMBINED ASSURANCE**

The combined assurance process is embedded within the Sibanye operations. The approach is based on the application of three levels of assurance on all our significant risks:

- Level 1: Management self-assurance
- Level 2: Internal unbiased-person assurance
- Level 3: Independent assurance

Sibanye uses the Three Lines of Defence Model:

<table>
<thead>
<tr>
<th>Level 1: Management self-assurance</th>
<th>Line management function</th>
<th>Primarily responsible for risk management. The process of assessing, evaluating and measuring risk is ongoing and is integrated into the day-to-day activities of the business. This process includes implementing the risk-management framework, identifying issues and taking remedial action where required. Business-unit management is also responsible for reporting to the governance bodies within the group.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 2: Internal unbiased-person assurance</td>
<td>“Oversight” management functions appropriately independent of line management function</td>
<td>Assurance provided by employees within the company who are employed in “oversight” positions in central services and corporate departments.</td>
</tr>
<tr>
<td>Level 3: Independent assurance</td>
<td>Internal audit function, external auditors or independent external parties</td>
<td>It provides an independent assessment of the adequacy and effectiveness of the overall risk-management systems.</td>
</tr>
</tbody>
</table>
opportunities and risks continued

RISK HEAT MAP (NOVEMBER 2013)

Probability

High

Low

Severity

1. **Labour and wage negotiations**
   - Emergency preparedness and procedures
   - Legal compliance
   - Strike action plan
   - Strike action risk assessment
   - Union and stakeholder engagement process

2. **Financial risk resulting from failure to deliver on operational and financial business plans**
   - BSC and performance review process
   - Daily monitoring and managing of results
   - Robust operational plans
   - Increase geological supervision
   - Monthly reviews
   - Stakeholder engagement (Eskom management)

3. **Workplace safety and health: dust exposure and litigation**
   - Full compliance safety management
   - Mandatory COP – airborne pollutants
   - Mandatory COP – noise
   - Medical surveillance and risk-based medical evaluation
   - Mine standards and procedures
   - Review research outcomes (SIMRAC)
   - Ventilation distribution control

4. **Financial risk due to reduced investor confidence**
   - SGL operations growth strategy
   - SGL strategic and operations planning
   - SGL sustainable development framework and strategies
   - Debt policy
   - Dividend policy
|   | Non-delivery of the MPRDA, the Mining Charter and SLPs | Mining Charter  
|   | 6. Gold price and exchange-rate volatility causing financial risk | Monthly performance reviews  
|   | 7. Political risk | Business and strategic planning process  
|   | 8. Financial risk as a result of rising mining input costs | Cost management and control systems  
|   | 9. Competition for skills | Competitive remuneration  
|   | 10. Safety and health risk largely due to mine accidents and seismicity related incidents | Behaviour based safety initiatives  
|   | 11. Operational risk posed by power constraints and cost increases | Communication with Eskom  

- Social and labour plans  
- 3rd Party DMR audits  
- Operational planning process  
- Productivity management  
- Strategic planning process  
- Good corporate governance  
- Investor relations and community strategy  
- Membership of industry associations interaction  
- Stakeholder engagement  
- Monthly performance reviews  
- Operational planning process  
- Productivity management  
- Strategic planning process  
- Business and strategic planning process  
- Ore reserves management  
- Procurement strategies  
- Productivity management  
- Proper planning and sequencing  
- Realistic plans and creating realistic market expectations  
- Understanding fixed/variable cost relationship  
- Business restructuring though Organisational Effectiveness department  
- Competitive remuneration  
- Continuous review of remuneration  
- Balance score card and individual development plan  
- Mentorship and coaching programmes  
- Salary surveys and benchmarking  
- Retention measures-incentive schemes  
- Behaviour based safety initiatives  
- Health and safety agreements with labour  
- Health and safety strategy  
- Integrated Visible Felt Leadership (VFL)  
- Mandatory Codes of Practice issued by DMR  
- Mine Codes of Practice for rock fall and rock bursts  
- Mine Codes of Practice (COP) and standard operating procedures  
- Safe production rules  
- Communication with Eskom  
- Emergency preparedness  
- Power control and measurement  
- Standards and procedures
## Mitigation Strategies for Top Risks

<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigation strategies</th>
</tr>
</thead>
</table>
| 1.    | • Information gathering and contingency planning for safety and security of employees and protection of company assets  
      • Contingency strike plan  
      • Improved communications with workforce  
      • Update risk assessment and emergency procedure for 2014 |
| 2.    | • Eskom quality-of-supply contract in place  
      • Improve rates of development  
      • Power-saving initiatives |
| 3.    | • Awareness-training programmes  
      • Monitoring of progress and feedback through Safety Health & Sustainable Development Committee policy  
      • Preparation for possible legal action  
      • Roll-out of noise- and dust-management strategy |
| 4.    | • Develop a strategy to enhance the Sibanye brand and market Sibanye within the community  
      • Implement new operating model – cash generation and investor payback  
      • Improved engagement with government and other external stakeholders  
      • Introduce a tool to measure the impact of interventions  
      • Manage debt  
      • Manage media relations proactively |
| 5.    | • Community and labour-sending areas strategy  
      • Development of a transformation strategy  
      • Establishment of Community Development Steering Committee  
      • Submission and implementation of SLPs |
| 6.    | • Continuous business re-engineering  
      • High-grade mining and low-gold price scenario  
      • Implement operating strategy  
      • Section 189 of the Labour Relations Act, 1995 (Act No 66 of 1995) process for structural alignment |
| 7.    | • Ongoing high-level stakeholder engagement  
      • Representative seating on industry bodies (influence) |
| 8.    | • Cost reductions identified on an ongoing basis  
      • Energy-conservation strategy and initiatives |
| 9.    | • Development of training facilities  
      • Remuneration and rewards |
| 10.   | • Characterising the time distribution of seismicity to minimise exposure  
      • Engineering out the risk initiatives  
      • Expedite Mining Industry Occupational Safety and Health (MOSH) training  
      • Integrated focus on Safety and Health strategy |
| 11.   | • Initiatives to achieve target of 10% reduction in electricity consumption over three years  
      • Focus on power-savings initiatives  
      • Quality-of-supply contract in place  
      • Reduce use of compressed air and water at all operations |
The Group by virtue of the Companies Act established a Social and Ethics Committee (Committee).

THE ROLE OF THE COMMITTEE
As prescribed by the Companies Act the role of the Committee is to monitor the Group’s activities in respect of:

• Social and economic development including the Group’s compliance with the 10 Principles of the United Nations Global Compact Principles, the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption, the Broad Based Black Economic Empowerment Act and the Employment Equity Act;

• Good corporate citizenship, including the Group’s promotion of equality, prevention of unfair discrimination and reduction of corruption, contribution to development of the communities in which the Group operates and its record of sponsorships, donations and charitable givings;

• The environment, health and public safety and the impact thereon of the Group’s activities;

• Consumer relations and the Group’s compliance with consumer protection laws; and

• The Group’s standing in terms of the International Labour Organisation Protocol on decent work and working conditions, the Group’s employment relationships and its contribution to the educational development of its employees.

In addition, the Group also subscribes to the 10 Principles of the International Council on Mining and Metals and the Committee is responsible for monitoring the Group’s activities in respect of this protocol.

THE STRUCTURE OF THE COMMITTEE
On 8 February 2013 the Board approved the terms of reference of the Committee to reflect the aforementioned duties and the membership, which consists of the respective chairmen of the Audit, Remuneration, Nominating and Governance and the Safety, Health and Sustainable Development Committees. The Board also appointed Jerry Vilakazi as Chairman of the Committee.

DISCHARGING ITS DUTIES DURING THE YEAR
At its first meeting at the beginning of the year the Committee approved its annual workplan for 2013. The Committee met three times during the year. Areas discussed with Management included: the 10 Principles of the International Council on Mining and Minerals; 10 Principles of the United Nations Global Compact; Community Development; Broad Based Black Economic Empowerment (BBBEE) and Employment Equity requirements; and Mining Charter compliance requirements. The Committee noted that the Group complied with the statutory duties save for more work being done by Management in building up the Historically Disadvantaged South Africans pipeline in the middle-management levels and more work being done in certain areas with regard to the Mining Charter and the Social Labour Plans requirements.

Jerry Vilakazi
Chairman of the Social and Ethics Committee
25 April 2014
corporate governance report

KEY STANDARDS AND PRINCIPLES
This governance report is Sibanye’s second following its separation from Gold Fields in February 2013.

The Company listed on 11 February 2013, with its primary listing on the JSE. It is registered with the US Securities and Exchange Commission (SEC) in the USA and its ordinary shares are listed on the NYSE in the form of an ADR programme administered by BNY Mellon.

As a result, the Group is subject to compliance with the JSE Listings Requirements and to the disclosure and corporate governance requirements of the NYSE. The Group’s compliance with the terms of the Sarbanes-Oxley Act, 2002 (SOX) is documented in the Form 20-F, filed initially with the SEC on 26 April 2013, and annually thereafter. In 2013 the Group complied with all the applicable governance requirements.

The Group has adopted high standards of accountability, transparency and integrity in the running of the business and reporting to shareholders and other stakeholders.

The approach to corporate governance is guided by the principles of fairness, accountability, responsibility and transparency. Special attention had been given to providing stakeholders and the financial investment community with clear, concise, accurate and timely information about the Group’s operations and results; reporting to shareholders on an integrated basis on Sibanye’s financial and sustainable performance; ensuring appropriate business and financial risk management; ensuring that no director, management official or other employee of the Sibanye Group deals directly or indirectly in Sibanye shares on the basis of unpublished price-sensitive information regarding the Sibanye Group, or otherwise during any prohibited period; and recognition of the Group’s social responsibility to provide assistance and development support to the communities in which it operates and to deserving institutions at large.

The Company implemented a new Memorandum of Incorporation (MOI) which was approved at a shareholder meeting in 2012. The MOI of its subsidiaries was regularised before the deadline date of 1 May 2013.

In 2013, the Group applied the principles contained in King III and implemented the King III principles and recommendations across the Group.

Sibanye complies with the principle that companies should remunerate directors and executives fairly and responsibly. The Remuneration Committee develops a remuneration policy aligned with the strategy of Sibanye and linked to individual performances. This policy addresses the base pay, bonuses, employee contracts, severance and retirement benefits and share-based and other long-term incentive schemes.

The one exception is the King III recommendation that employment contracts should not compensate executives for severance because of change of control (although this does not preclude payments for retaining key executives during a period of uncertainty).

All 75 King III principles are recorded in the compliance schedule on Sibanye’s website, detailing the principles and the corresponding explanations.

Sibanye complied with all of the mandatory specific governance requirements contained in paragraph 4.84 of the JSE listing requirements during the 2013 financial year.

The Group’s Code of Ethics requires its directors, officers and employees to conduct business in an ethical and fair manner and it promotes a socially- and environmentally-responsible culture. The Audit and Risk Committee is responsible for ensuring compliance with the Code of Ethics.

In addition to meeting the requirements of King III and SOX, the Group also meets the relevant requirements of the Dodd-Frank Act (2010), the Foreign Corrupt Practices Act (1977), the UK Bribery Act (2010), the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997), the UN Convention against Corruption (2003) and South Africa’s Prevention and Combating of Corrupt Activities Act (2004).

Employees, suppliers and customers are encouraged to report irregularities and misconduct without fear of victimisation using an independently managed, anonymous, toll-free line.

Sibanye has established policies and procedures dealing with HIV/AIDS in the workplace and has a voluntary testing programme that has resulted in a significant number of employees taking ownership of their HIV/AIDS status. With the help of management and using independent service providers, those in need are able to get counselling and antiretroviral (ARV) treatment.

In 2013 the Group remained committed to its corporate social investment (CSI) and local economic development (LED) initiatives. These cover a broad range of programmes and activities including promoting home ownership and developing human capital through education. Sibanye’s support of educational initiatives includes portable skills, bursaries, learnerships, adult basic education and training (ABET) courses and maths/science programmes. A brick-making project, waste-management centres, community centres, a library and a number of agricultural development projects are among the other projects that receive Group support.
BOARD OF DIRECTORS
The Company’s MOI requires no fewer than four and no more than 15 members on the Board of Directors. The Board currently comprises 11 members. Nine of these are independent, non-executive directors and the two executive directors hold the positions of CEO and CFO. Zola Skweyiya was appointed as the eleventh member and as an independent, non-executive director on 1 October 2013. He is eligible and available for election.

The roles of the Chairman of the Board and the CEO are separate. The Board, advised by the Nominating and Governance Committee, ensures that the candidates for election as independent, non-executive directors are reputable, competent and experienced and are willing to devote the necessary time to the role.

The Board of Directors’ Charter outlines the objectives and responsibilities of the Board (see pages 51 and 52) and all Board sub-committees operate in accordance with written terms of reference, which are regularly reviewed by the Board. The Board takes ultimate responsibility for the Group’s adherence to sound corporate governance standards and sees to it that all business judgements are made with reasonable care, skill and diligence.

The executive directors and the Company Secretary keep the Board informed of all developments in the Group.

The current membership of all the Board sub-committees is disclosed on pages 52 to 54.

The Board is required to meet at least four times a year and held its first Board meeting on 8 February 2013 with all Board members attending.

Remuneration
The Board obtains independent advice before making recommendations to shareholders for the remuneration of non-executive directors. The remuneration is paid only in accordance with a special resolution approved by the shareholders within the previous two years.

Non-executive directors only receive remuneration due to them as members of the Board. Directors serving on Board sub-committees receive additional remuneration. Details of the directors’ remuneration packages as well as those of the prescribed officers are disclosed in the Remuneration Report on page 86 to 91.

Monitoring performance
In 2013, and in line with recommendations of King III, the Board carried out a rigorous evaluation of the independence of directors.

The Chairman is appointed annually by the Board which, with the assistance of the Nominating and Governance Committee, carried out a rigorous review of the Chairman’s performance and independence during 2013. The Board concluded that there were no factors that impaired his independence and appointed the Chairman for another year. The corporate secretary conducted a detailed assessment of the performance of the Board and its committees.

The assessments found the structures and processes governing the Board and its committees were well established and functioning satisfactorily. It also found that the Board had fulfilled its role and responsibilities, and had discharged its duties to Sibanye and its responsibilities to shareholders and stakeholders in an exemplary manner.

The performance of the Company Secretary was evaluated by the Board. The Board was satisfied with his competence, qualifications and experience and maintaining an arms-length relationship with the Board.

Rotation and retirement from the Board
In accordance with the MOI, one third of the directors shall retire from office at each AGM. The first to retire are those directors appointed as additional members of the Board, followed by the longest-serving members. The Board, assisted by the Nominating and Governance Committee, can recommend the eligibility of retiring directors (subject to availability and their contribution to the business) for re-appointment. Retiring directors can be immediately re-elected by the shareholders at the AGM.

Board of Directors’ Charter
The Board reviewed and re-assessed the adequacy of the Board of Directors’ Charter (Charter). This document compels directors to promote the vision of the Group, while upholding sound principles of corporate governance. Directors’ responsibilities under the Charter include:

- determining the Group’s Code of Ethics and conducting the Group’s affairs in a professional manner, upholding the core values of integrity, transparency and enterprise;
- evaluating, determining and ensuring the implementation of corporate strategy and policy;
- determining compensation, development, skills development and other relevant policies for employees;
- developing and setting best-practice disclosure and reporting practices that meet the needs of all stakeholders;
- authorising and controlling capital expenditure and reviewing investment capital and funding proposals;
- constantly updating the risk management systems, including setting management expenditure authorisation levels and exposure limit guidelines; and
- reviewing executive succession planning and endorsing senior executive appointments, organisational changes and general remuneration policies.
In this regard the Board is guided by the Remuneration Committee, the Audit and Risk Committee as well as the Nominating and Governance Committee.

The Board considers that this Integrated Report and associated reports comply in all material respects with the relevant statutory requirements of the various regulations governing disclosure and reporting by Sibanye; and that the consolidated financial statements comply in all material respects with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act and the JSE Listing Requirements. As such, the Board has approved the content of the Integrated Report 2013, including the consolidated financial statements on 25 April 2014.

**BOARD COMMITTEES**

The Board has formed the following committees in compliance with good corporate governance:
- Audit and Risk Committee
- Remuneration Committee
- Nominating and Governance Committee
- Safety, Health and Sustainable Development Committee
- Social and Ethics Committee (to comply with the statutory requirements of the Companies Act).

All these committees are composed exclusively of independent non-executive directors except for the Safety, Health and Sustainable Development Committee of which the CEO is also a member. The committees are all chaired by an independent non-executive director and operate in accordance with written terms of reference which have been approved by the Board.

**THE AUDIT AND RISK COMMITTEE**

Keith Rayner (Chairman)
Richard Menell
Nkosemntu Nika
Susan van der Merwe

This committee monitors and reviews Sibanye’s accounting controls and procedures, including the effectiveness of its information systems and other systems of internal control; the effectiveness of the internal audit function; reports of both external and internal auditors; half-yearly reports, the Form 20-F; the consolidated annual financial statements; the accounting policies of Sibanye and any proposed revisions thereto; external audit findings and reports, and the approval thereof; and compliance with applicable legislation and requirements of regulatory authorities and Sibanye’s Code of Ethics.

The CFO’s expertise was evaluated by the Audit and Risk Committee. The committee is satisfied that the incumbent has the appropriate expertise and experience to carry out his duties as the financial director of the Group and that he is supported by qualified competent senior staff.

The committee reviewed and assessed the independence of the external auditors, including their confirmation in writing that the criteria for independence as set out in the rules of the Independent Regulatory Board for Auditors and international bodies have been followed. The committee is satisfied that KPMG Inc. is independent of the Group.

Sibanye’s CFO and internal and external auditors as well as management attend all the Audit and Risk Committee meetings and have unrestricted access to the chairman of this committee. The Audit and Risk Committee, in turn, communicates freely with other members of the Board not serving as members of the Audit and Risk Committee. The committee meets at least quarterly, but more frequently if required.

The Sarbanes-Oxley Act requires the Board to identify a financial expert from within its ranks. The Board has resolved that the committee’s Chairman, Keith Rayner, is the Audit Committee’s financial expert.

**Membership and attendance of the Audit and Risk Committee**

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<th>Director</th>
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1 Messrs Cumming, Davison, Nika and van der Merwe were appointed to the Board on 21 February 2013.
2 Dr Skweyiya was appointed to the Board on 1 October 2013.
AUDIT AND RISK COMMITTEE
STATEMENT
Based on information from the discussions with management and external auditors, the Audit and Risk Committee has no reason to believe that there were any material breakdowns in the design and operating effectiveness of internal financial controls during the year and that the financial records can be relied upon as the basis for preparation of the consolidated financial statements.

The Audit and Risk Committee considered and discussed this Integrated Report with both management and the internal and external auditors. During this process, the committee:
• evaluated significant judgements and reporting decisions;
• determined that the going concern basis of reporting is appropriate;
• evaluated the material factors and risks that could impact on the Integrated Report;
• evaluated the completeness of the financial and sustainability discussion and disclosures; and
• discussed the treatment of significant and unusual transactions with management and the internal and external auditors.

The Audit and Risk Committee considers that this Integrated Report complies in all material respects with the statutory requirements of the various regulations governing disclosure and reporting of the consolidated financial statements. The consolidated financial statements comply in all material respects with IFRS, the SAICA Financial Reporting Guides issued by the Accounting Practice Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, the Companies Act and the JSE Listings Requirements. The Audit and Risk Committee has recommended to the Board that the consolidated annual financial statements be adopted and approved by the Board.

THE NOMINATING AND GOVERNANCE COMMITTEE
Sello Moloko (Chairman)
Richard Menell
Jerry Vilakazi

This committee is responsible for ensuring that new directors undergo an appropriate induction process; recommending to the Board the need for Board participation in continuing-education programmes; identifying and recommending to the Board successors to the Chairman and CEO; developing the approach of Sibanye to matters of corporate governance; and making recommendations to the Board concerning such matters.

Membership and attendance of the Nominating and Governance Committee

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THE REMUNERATION COMMITTEE
Timothy Cumming (Chairman)
Barry Davison
Sello Moloko
Nkosementu Nika

This committee is responsible for determining Sibanye’s remuneration policy and the practices needed to attract, retain and motivate high-performing executives who are demonstrably aligned with Sibanye’s corporate objectives and business strategy; and for ensuring that remuneration levels relative to other comparable companies are pitched at the desired level taking relative performance into account.

The Remuneration Committee also reviews, on behalf of the Board, both the remuneration levels of senior executives and management share-incentive schemes and the related performance criteria and measurements. To perform these functions the Remuneration Committee meets quarterly, or more frequently if required.

Membership and attendance of the Remuneration Committee

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<td>Nika, Nkosementu</td>
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THE SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT COMMITTEE

Barry Davison (Chairman)
Neal Froneman
Sello Moloko
Richard Menell
Susan van der Merwe

This committee reviews adherence to occupational health, safety and environmental standards by Sibanye. The committee seeks to minimise mining-related accidents, to ensure that Sibanye’s operations are in compliance with all environmental regulations and to establish policy in respect of HIV/AIDS and health matters.

Membership and attendance of the Safety, Health and Sustainable Development Committee

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THE SOCIAL AND ETHICS COMMITTEE

Jerry Vilakazi (Chairman)
Timothy Cumming
Barry Davison
Sello Moloko
Keith Rayner

This committee is responsible for discharging its statutorily imposed duties as outlined in section 72 of the Companies Act and the applicable regulations, which include monitoring Sibanye’s activities in relation to relevant legislation, other legal requirements and prevailing codes of best practice regarding:

(i) the social and economic development;
(ii) good corporate citizenship;
(iii) the environment, health and public safety and the impact on Sibanye’s activities, products and services;
(iv) consumer relations; and
(v) labour and employment legislation.

The Social and Ethics Committee must bring any matters relating to this monitoring to the attention of the Board and report to shareholders at the AGM. The Board seeks the assistance of the Social and Ethics Committee in ensuring that Sibanye complies with best practice recommendations in respect of social and ethical management.

Membership and attendance of the Social and Ethics Committee

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EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

Neal Froneman (CEO)
Charl Keyter (CFO)
Peter Turner (COO)
Cain Farrel (Company Secretary)
Shadwick Bessit
Hartley Dikgale
Nash Lutchman
Dawie Mostert
Adam Mutshinya
Marius Saaiman*  
Robert van Niekerk
James Wellsted

Sibanye’s Executive Committee meets on a regular basis to discuss and make decisions on the strategic and operating issues facing Sibanye.

* appointed 1 March 2014  
§ appointed 1 February 2014

RISK MANAGEMENT

The total process of risk management, which includes the related systems of internal control, is the responsibility of the Board. Management is accountable to the Board for designing, implementing and monitoring an integrated process of risk management into the daily activities of Sibanye. The Board, through the Audit and Risk Committee, ensures that management implements appropriate risk management processes and controls.