Annual Financial Statements

Kloof 7 shaft

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

INTRODUCTION

Sibanye is an independent, South African domiciled and focused mining group, which currently owns and operates four underground and surface gold operations, namely the Driefontein operation (Driefontein), the Kloof operation (Kloof) and the Cooke operation (Cooke) in the West Witwatersrand region and the Beatrix operation (Beatrix) in the southern Free State. In addition to its mining activities, the Group owns and manages significant extraction and processing facilities at its operations, which beneficiate the gold-bearing ore mined.

Sibanye is the largest producer of gold from South Africa, based on annual production in the year ended 31 December 2014, and it is one of the world's 10 largest gold producers during the same period.

In 2014, Sibanye produced 49,432kg (1.59Moz) (2013: 44,474kg (1.43Moz) of gold at an average All-in cost of R375,854/kg (US$1,080/oz) (2013: R354,376/kg (US$1,148/oz) and invested R3,251 million (2013: R2,902 million) in capital at its operations.

In 2014, Sibanye had an operating margin of 34% and an All-in cost margin of 15%. During the year, Sibanye generated free cash flow of R1,807 million (2013: R3,731 million) and profit of R1,507 million (2013: R1,698 million).

At 31 December 2014, Sibanye held gold mineral reserves of 28.4Moz (2013: 19.7Moz) and uranium mineral reserves of 102.5Mlb (2013: 43.2Mlb).

The following financial review provides stakeholders with greater insight into the financial performance and position of the Group. Our primary financial focuses are to reduce costs, increase cash generation to provide a return on equity and to reward shareholders with sustainable dividends.

Stakeholders are advised to read this review in conjunction with the consolidated financial statements presented on pages 174 to 234.

FACTORS AFFECTING OUR PERFORMANCE

GOLD PRICE

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

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

The volatility of the price of gold is illustrated in the gold price table below (which shows the annual high, low and average of the London afternoon fixing price of gold):

	Price per ounce[1]		
Gold	**High**	**Low**	**Average**
2010	1,421	1,058	1,224
2011	1,895	1,319	1,571
2012	1,792	1,540	1,669
2013	1,694	1,192	1,409
2014	1,385	1,142	1,265
2015 (through 17 March 2015)	1,298	1,150	1,226

[1] *Rounded to the nearest US dollar*

On 17 March 2015, the London afternoon fixing price of gold was US$1,151/oz.

EXCHANGE RATES

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

As a general rule, Sibanye does not enter into long-term currency hedging arrangements and is exposed to the spot market exchange rate. Sibanye's operating costs are primarily denominated in rand and forward cover could be considered for significant expenditures based in foreign currency or those items which have long lead times to production or delivery. No foreign exchange hedging contracts were entered into in 2014.

COSTS

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

The South African inflation rate or Consumer Price Index (CPI) increased to 6.1% in 2014 (2013: 5.7%). Mining inflation has historically been significantly higher than CPI, with key operating costs, in particular wages and electricity costs, increasing considerably more than CPI.

Sibanye's operations are labour intensive. Labour represented 47% and 51% of operating costs during 2014 and 2013, respectively.

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

Power and water comprised 19% in 2014 and 2013. During 2013 Eskom applied to NERSA for an average annual tariff increase of 16% for a five-year period as of 1 April 2013, of which an increase of 8% was approved.

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

PRODUCTION

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

In recent years, the South African mining industry has experienced greater union unrest. The entry of new unions such as Association of Mineworkers and Construction Union (AMCU), which has become a significant rival to the traditionally dominant National Union of Mineworkers (NUM), has resulted in more frequent industrial disputes, including violent protests, intra-union violence and clashes with police authorities. During 2013 and 2014 Sibanye experienced very little disruption to production as a result of industrial action. Sibanye is continually working to improve relations with its employees and unions to hopefully prevent any future production losses.

Sibanye's operations are also subject to South African health and safety laws and regulations that impose various duties on Sibanye's mines while granting the authorities powers to, among other things, close or suspend operations and order corrective action relating to health and safety matters. During 2014, Sibanye's operations experienced 82 work stoppages (2013: 55).

All our operations are in their mature life stage and have encountered lower mining grades and yields.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

ROYALTIES AND MINING TAX
South African mining operations pay a royalty tax. The formula for calculating royalties takes into account the profitability of individual operations. The royalty formula is detailed in note 10.1: Royalties to the consolidated financial statements. Under South African tax legislation, gold mining companies and non-gold mining companies are taxed at different rates. All our operations are subject to the gold tax formula on their respective mining income. The formula calculating tax payable, which is detailed in the notes to the consolidated financial statements, is affected by the profitability of the applicable mining operation. In addition, these operations are ring fenced, so each operation is taxed separately and, as a result, taxable losses and capital expenditure at one of the operations cannot be used to reduce taxable income from another operation. Depending on the profitability of the operations, the tax rate can vary significantly from year to year.

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

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

In 2014, Sibanye's total capital expenditure was R3.3 billion (2013: R2.9 billion). Sibanye expects to spend approximately R3.6 billion on capital in 2015, excluding any acquisitions.

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

RECENT ACQUISITIONS
On 21 August 2013, Sibanye entered into an agreement with Gold One to acquire Cooke. On 11 December 2013, Sibanye made an offer to acquire 100% of Wits Gold. On 5 July 2013, Wits Gold had submitted a final binding offer to the business rescue practitioner of SGEO to acquire SGEO, the sole owner of Burnstone, which was included in the business rescue plan and approved by the creditors of SGEO on 11 July 2013.

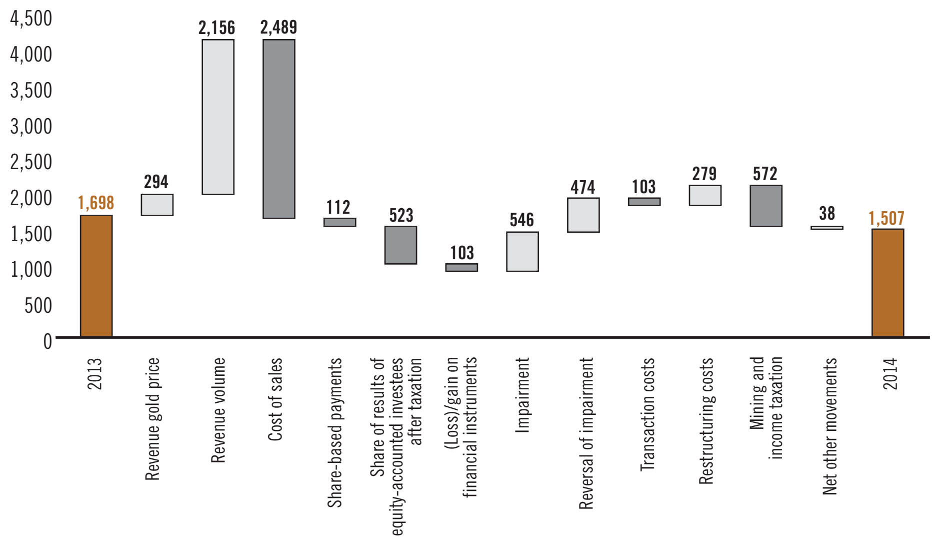
The acquisitions of Wits Gold, Cooke and Burnstone were completed on 14 April 2014, 15 May 2014 and 1 July 2014, respectively.

Results of Wits Gold, Cooke and Burnstone are presented for the eight, seven and six months ended 31 December 2014, respectively following the completion of the acquisitions.

2014 FINANCIAL PERFORMANCE COMPARED WITH 2013
Group profit decreased from R1,698 million for 2013 to R1,507 million for 2014. The reasons for this decrease are discussed below.

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

Net profit movements (Rm)



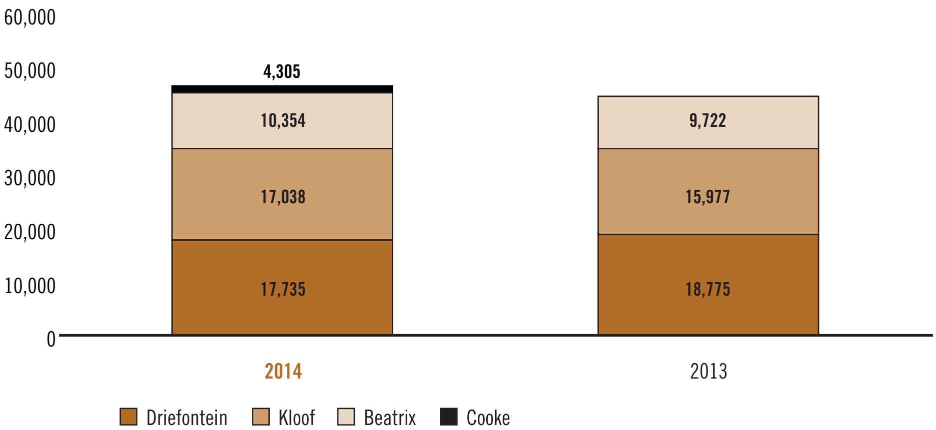
REVENUE

Revenue increased by 13% from R19,331 million in 2013 to R21,781 million in 2014. Revenue is driven by the level of gold produced and sold during the year and the average rand gold price, which increased by 11% and 1%, respectively.

The increase in the average rand gold price was due to the 13% weaker rand of R10.82/US$ in 2014 compared with R9.60/US$ in 2013. However, this was mostly offset by the decrease in the average realised US dollar gold price from US$1,408/oz to US$1,267/oz year-on-year.

The increase in the gold produced for the year from 44,474kg to 49,432kg was mainly due to the acquisition and integration of Cooke for the seven months ended 31 December 2014. Gold production excluding Cooke was marginally higher at 45,127kg, despite the loss of over 500kg due to an underground fire at Driefontein early in 2014 and the intermittent loss of electricity (load shedding by the power supplier – Eskom) in the latter part of the year. Gold production from the operations is shown in the graph below:

Gold produced (kg)



COST OF SALES

Cost of sales, which consist of operating costs and amortisation and depreciation, increased by 17% from R15,077 million in 2013 to R17,566 million in 2014, with the incorporation of Cooke which accounted for R2,001 million of this increase.

The primary drivers of cost of sales were as follows:

	2014	2013	
	R million	R million	% change
Salaries and wages	**6,665**	6,156	8
Consumable stores	**3,481**	2,721	28
Utilities	**2,753**	2,315	19
Mine contracts	**1,136**	928	22
Other	**2,403**	1,736	38
Ore reserve development (ORD) costs capitalised	**(2,127)**	(1,883)	13
Operating costs	**14,311**	11,973	20
– Driefontein, Kloof and Beatrix	**12,618**	11,973	5
– Cooke	**1,693**	–	100
Amortisation and depreciation	**3,255**	3,104	5
– Driefontein, Kloof and Beatrix	**2,947**	3,104	(5)
– Cooke	**308**	–	100
Total cost of sales	**17,566**	15,077	17
– Driefontein, Kloof and Beatrix	**15,565**	15,077	3
– Cooke	**2,001**	–	100

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

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

OPERATING COSTS – COST OF SALES LESS AMORTISATION AND DEPRECIATION

Operating costs increased by 20% from R11,973 million in 2013 to R14,311 million in 2014, or just over 5% excluding Cooke. The increase in operating costs excluding Cooke was due to above inflation wage increases, increased electricity tariffs and costs associated with the increased production, such as consumable stores and bonuses. These increases were partly offset by cost-saving initiatives implemented in 2013, which continued in 2014, and included further restructuring across the group – including reduced number of contractors, improved efficiencies and programmes aimed at reducing electricity costs, which have been especially successful. The increase in the ORD costs capitalised was mainly due to an increase in capitalised development at the Beatrix West Section of R77 million and the inclusion of Cooke.

The table below presents a reconciliation from cost of sales to total cash cost:

		2014						2013				
Rand million except as otherwise stated		Group	Driefontein	Kloof	Beatrix	Cooke	Corporate	Group	Driefontein	Kloof	Beatrix	Corporate
Cost of sales per income statement		17,566	6,041	5,824	3,673	2,001	27	15,077	6,339	5,198	3,519	21
Deduct: Amortisation and depreciation		(3,255)	(1,129)	(1,322)	(469)	(308)	(27)	(3,104)	(1,458)	(1,097)	(528)	(21)
Operating costs		14,311	4,912	4,502	3,204	1,693	–	11,973	4,881	4,101	2,991	–
Adjusted for:												
General and admin costs		(147)	(56)	(55)	(36)	–	–	(234)	(85)	(69)	(80)	–
Royalties[1]		431	166	175	82	8	–	415	199	147	69	–
Total cash cost		14,595	5,022	4,622	3,250	1,701	–	12,154	4,995	4,179	2,980	–
Gold sold	kg	49,432	17,735	17,038	10,354	4,305		44,474	18,775	15,977	9,722	
	'000oz	1,589.3	570.2	547.8	332.9	138.4		1,429.9	603.6	513.7	312.6	
Total cash cost[2]	R/kg	295,246	283,129	271,282	313,888	395,168		273,281	265,997	261,570	306,593	
	US$/oz	849	814	780	902	1,136		885	862	847	993	

The average exchange rate for the year ended 31 December 2014 was R10.82/US$ (2013: R9.60/US$).
[1] Royalties are included as part of total cash cost but are reflected below operating profit in the income statements.
[2] For information on how Sibanye has calculated total cash cost per kilogram and total cash cost per ounce, see Key Features – Financial and Non-financial Performance.

Total cash cost per kilogram increased by 8% from an average of R273,281/kg in 2013 to R295,246/kg in 2014. This increase was mostly due to the Cooke operations, which being partly in a build-up phase, operated at an average unit cost of R395,168/kg for the seven months since incorporation; full production is anticipated by mid-2015. In US dollar terms, total cash cost per ounce decreased by 4% from US$885/oz to US$849/oz due to the 13% weaker rand/dollar exchange rate.

AMORTISATION AND DEPRECIATION

Amortisation and depreciation increased by 5% from R3,104 million in 2013 to R3,255 million in 2014. This increase was due to the inclusion of Cooke, which added R308 million, and the increase in production at Kloof, adding R225 million. This was partly offset by a decrease of R329 million at Driefontein due to an increase in reserves on which the amortisation calculation is based, and R59 million at Beatrix as no amortisation occurred at the Beatrix West Section during 2014 as this section was impaired in mid-2013.

ALL-IN COST

All-in cost per ounce, was introduced in 2013 by the members of the World Gold Council. Sibanye has adopted the principle prescribed by the Council. This new non-GAAP measure provides more transparency into the total costs associated with gold mining.

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

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

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

The table below presents a reconciliation from operating costs to All-in sustaining cost and All-in cost:

		2014						2013				
Rand million except as otherwise stated		**Group**	**Driefontein**	**Kloof**	**Beatrix**	**Cooke**	**Corporate**	**Group**	**Driefontein**	**Kloof**	**Beatrix**	**Corporate**
Operating costs		**14,311**	**4,912**	**4,502**	**3,204**	**1,693**	**–**	11,973	4,881	4,101	2,991	–
Plus:												
Community costs[1]		**37**	**12**	**11**	**14**	**–**	**–**	24	9	8	7	–
Share-based payments[2]		**418**	**69**	**58**	**46**	**–**	**245**	306	61	47	42	156
Royalties[3]		**431**	**166**	**175**	**82**	**8**	**–**	415	199	147	69	–
Rehabilitation[4]		**138**	**39**	**33**	**18**	**48**	**–**	165	84	54	27	–
ORD[5]		**2,127**	**684**	**880**	**446**	**117**	**–**	1,883	703	844	336	–
Sustaining capital expenditure[6]		**975**	**465**	**356**	**102**	**52**	**–**	1,018	319	460	201	38
Less:												
By-product credit[7]		**(24)**	**(10)**	**(7)**	**(7)**	**–**	**–**	(23)	(10)	(7)	(6)	–
All-in sustaining cost		**18,413**	**6,337**	**6,008**	**3,905**	**1,918**	**245**	15,761	6,246	5,654	3,667	194
Plus:												
Group exploration and other		**16**	**–**	**–**	**9**	**6**	**1**	–	–	–	–	–
Corporate cost and growth capital		**150**	**–**	**–**	**–**	**61**	**89**	–	–	–	–	–
All-in cost		**18,579**	**6,337**	**6,008**	**3,914**	**1,985**	**335**	15,761	6,246	5,654	3,667	194
Gold sold	kg	**49,432**	**17,735**	**17,038**	**10,354**	**4,305**		44,474	18,775	15,977	9,722	
	'000oz	**1,589.3**	**570.2**	**547.8**	**332.9**	**138.4**		1,429.9	603.6	513.7	312.6	
All-in sustaining cost[8]	R/kg	**372,492**	**357,333**	**352,624**	**377,101**	**445,645**		354,376	332,660	353,884	377,206	
	US$/oz	**1,071**	**1,027**	**1,014**	**1,084**	**1,281**		1,148	1,078	1,147	1,222	
All-in cost[8]	R/kg	**375,854**	**357,333**	**352,624**	**378,008**	**461,045**		354,376	332,660	353,884	377,206	
	US$/oz	**1,080**	**1,027**	**1,014**	**1,087**	**1,325**		1,148	1,078	1,147	1,222	

The average exchange rate for the year ended 31 December 2014 was R10.82/US$ (2013: R9.60/US$).

[1] Community costs includes costs related to community development.

[2] Share-based payments includes share-based payments compensation cost to support Sibanye's corporate structure not directly related to current gold production. Share-based payments are calculated based on the fair value at initial recognition and do not include the fair value adjustment of the cash-settled share-based payment liability to the reporting fair value.

[3] Royalties is the royalty on refined minerals payable to the South African government.

[4] Rehabilitation includes the interest charge related to the environmental rehabilitation obligation and the amortisation of the related capitalised rehabilitation costs recorded as an asset. The interest charge related to the environmental rehabilitation obligation and the amortisation of the capitalised rehabilitation costs do not reflect annual cash outflows and are calculated in accordance with IFRS. The interest charge and amortisation reflect the periodic costs of rehabilitation associated with current gold production and are therefore included in the measure.

[5] ORD are those capital expenditures that allow access to reserves that are economically recoverable in the future, including, but is not limited to, crosscuts, footwalls, return airways and box holes which will avail gold production or reserves.

[6] Sustaining capital expenditure are those capital expenditures that are necessary to maintain current gold production and execute the current mine plan. Sustaining capital costs are relevant to the All-in cost metric as these are needed to maintain Sibanye's current operations and provide improved transparency related to our ability to finance these expenditures.

[7] By-product credit—The All-in cost metric is focused on the cost associated with producing and selling a kilogram of gold, and therefore the metric captures the benefit of mining other metals when we produce and sell gold. In determining the All-in cost, the costs associated with producing and selling a kilogram of gold is reduced by the benefit received from the sale of silver, recognised as product sales, which are extracted and processed along with the gold produced. This is relevant to the All-in cost metric as it aids in the investor's analysis of the profitability of producing a kilogram of gold, without the need to consider multiple metal prices.

[8] For information on how Sibanye has calculated All-in sustaining cost per kilogram, All-in sustaining cost per ounce, All-in cost per kilogram and All-in cost per ounce, see Key Features – Financial and Non-financial Performance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

All-in sustaining cost, a sub-set of All-in cost increased by 5% from R354,376/kg (US$1,148/oz) in 2013 to R372,492/kg (US$1,071/oz) in 2014 as a result of the Cooke acquisition, which added unit costs of R445,645/kg (US$1,281/oz), together with the increased operating cost and increased ORD at Beatrix and Kloof.

All-in cost increased by 6% from R354,376/kg (US$1,148/oz) in 2013 to R375,854/kg (US$1,080/oz) in 2014. Included in the All-in cost for 2014 is corporate expenditure of R89 million, which predominately relates to capital expenditure at the newly acquired Burnstone mine of R72 million and exploration cost on the Beisa uranium project of R9 million.

NET OPERATING PROFIT

As a result of the factors discussed above, net operating profit was marginally lower for 2014 at R4,214 million compared with R4,254 million for 2013.

INVESTMENT INCOME

Income from investments increased by 14% from R160 million in 2013 to R183 million in 2014.

Interest on cash balances increased from R63 million in 2013 to R69 million in 2014, due to the incorporation of Cooke, which added R9 million in interest.

Interest on funds invested in various interest bearing investments for the environmental rehabilitation obligations of the group increased from R85 million in 2013 to R99 million in 2014, due to higher balance of the fund when compared with 2013 and the incorporation of Cooke, which added R6 million.

The unwinding of the financial guarantee asset increased from R12 million in 2013 to R15 million in 2014.

FINANCE EXPENSES

Finance expenses decreased from R420 million in 2013 to R400 million in 2014.

Interest on borrowings decreased from R319 million in 2013 to R188 million in 2014, mainly due to the decrease in the average indebtedness year-on-year. Sibanye's debt outstanding during the first half of 2013 was approximately R4.0 billion and it was only during the second half of 2013 that Sibanye was able to reduce its debt levels to R2.5 billion. Sibanye's average gross debt outstanding, excluding the Burnstone Debt, during 2014 was approximately R2.0 billion.

The environmental rehabilitation liability accretion expense increased from R93 million in 2013 to R162 million in 2014 mainly due to an increase in the mines' lives and the incorporation of Cooke and Burnstone, which added R28 million and R2 million, respectively.

The 2014 finance expenses include R43 million, relating to the unwinding of Burnstone Debt (2013: Rnil).

SHARE-BASED PAYMENTS

The share-based payment expense of R418 million in 2014 (2013: R306 million) consists of R176 million (2013: R213 million) relating to equity-settled share options granted under the SGL Share Plan, Gold Fields Limited 2012 Share Plan and Gold Fields Limited 2005 Share Plan, and R242 million (2013: R92 million) relating to instruments granted under the SGL Phantom Scheme.

The SGL Phantom Scheme share-based payment expense increased from R92 million in 2013 to R242 million in 2014 due to the fair value of each option granted under the scheme increasing due to the appreciation in Sibanye's share price.

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

SHARE OF RESULTS OF EQUITY-ACCOUNTED INVESTEES AFTER TAXATION

The R471 million loss from share of results of associates for 2014 was primarily due to a net R480 million loss relating to Sibanye's 33.1% interest in Rand Refinery.

For additional information of Sibanye's investment in Rand Refinery and the equity loss see note 19: Equity-accounted investments to the consolidated financial statements.

LOSS/GAIN ON FINANCIAL INSTRUMENTS

The loss on financial instruments of R108 million in 2014 (2013: R5 million) consists of R202 million (2013: R33 million) fair value loss relating to SGL Phantom Scheme options, R63 million (2013: Rnil) fair value gain on investments under the environmental rehabilitation obligation funds and R32 million (2013: R28 million) gain relating to the financial guarantee liability.

IMPAIRMENTS

The impairments amounted to R275 million in 2014, compared with R821 million in 2013.

The impairment in 2014 related to a R156 million impairment of the Python plant at Kloof, which was decommissioned in July 2014 due to process design flaws, and the R120 million impairment of investment in Rand Refinery. For additional information of Sibanye's investment in Rand Refinery and the equity loss see note 19: Equity-accounted investments to the consolidated financial statements.

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

REVERSAL OF IMPAIRMENT

Due to the positive results of a restructuring process at the Beatrix West Section it has subsequently returned to profitability. As a result a decision was taken in December 2014 to reverse the impairment by R474 million.

TRANSACTION COSTS

The transaction costs of R112 million (2013: R9 million) related to the finalisation of the Cooke and Burnstone acquisitions of R82 million and R30 million, respectively.

RESTRUCTURING COSTS

Significant restructuring during 2013 had resulted in R439 million additional costs. During 2014 restructuring costs, including voluntary separation packages, of R160 million were incurred at Cooke, Driefontein and Corporate Services.

ROYALTIES

Royalties increased from R415 million in 2013 to R431 million in 2014. The increased royalty in 2014 was mainly due to the increase in gold sold.

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

%	2014	2013
Driefontein	**2.1**	2.4
Kloof	**2.3**	2.1
Beatrix	**1.8**	1.6
Cooke	**0.4**	–
Average for Group	**2.0**	2.1

MINING AND INCOME TAXATION

Mining and income taxation increased from R256 million in 2013 to R828 million in 2014. The table below indicates Sibanye's effective tax expense rate in 2014 and 2013:

	2014	2013
Mining and income tax (Rm)	**828**	256
Effective taxation rate (%)	**35.5**	13.1

In 2014, the effective tax expense rate of 36% was higher than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:

- R10 million rate adjustment to reflect the actual realised company tax rates;
- R60 million non-deductible charges related to share-based payments;
- R160 million non-taxable share of results of equity-accounted investees;
- R41 million non-deductible impairments;
- R23 million net non-taxable income and non-deductible expenditure; and
- R81 million assessed losses not recognised.

The above was offset by the R340 million reduction related to the mining tax formula rate adjustment.

In 2013, the effective tax expense rate of 13% was lower than the maximum South African mining statutory tax rate of 34% mainly due to the tax effect of the following:

- R330 million reduction related to the mining tax formula rate adjustment;
- R214 million deferred tax released on reduction of the long-term expected tax rate at the operations; and
- R1 million of net non-deductible expenditure and non-taxable income.

The above were offset by the following tax-affected charges:

- R64 million adjustment reflected the actual realised company tax rates; and
- R73 million non-deductible charges related to share-based payments.

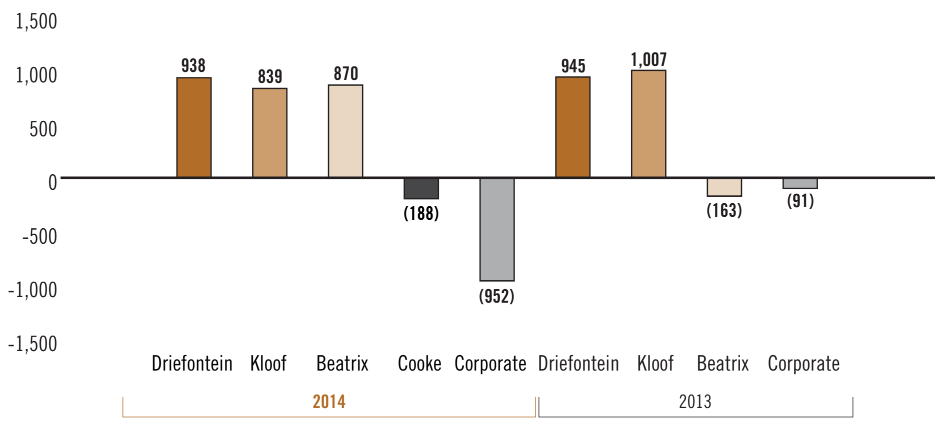
MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

PROFIT FOR THE YEAR

As a result of the factors discussed above, the profit for 2014 is R1,507 million, compared with R1,698 million for 2013. Of this, R1,552 million (2013: R1,692 million) is attributable to the owners of Sibanye.

The following graph depicts contributions from various segments to the profit attributable to the owners of Sibanye:

Contributions (Rm)



LIQUIDITY AND CAPITAL RESOURCES
CASH FLOW ANALYSIS

Net cash utilised in 2014 amounted to R930 million compared with R1,201 million generated in 2013.

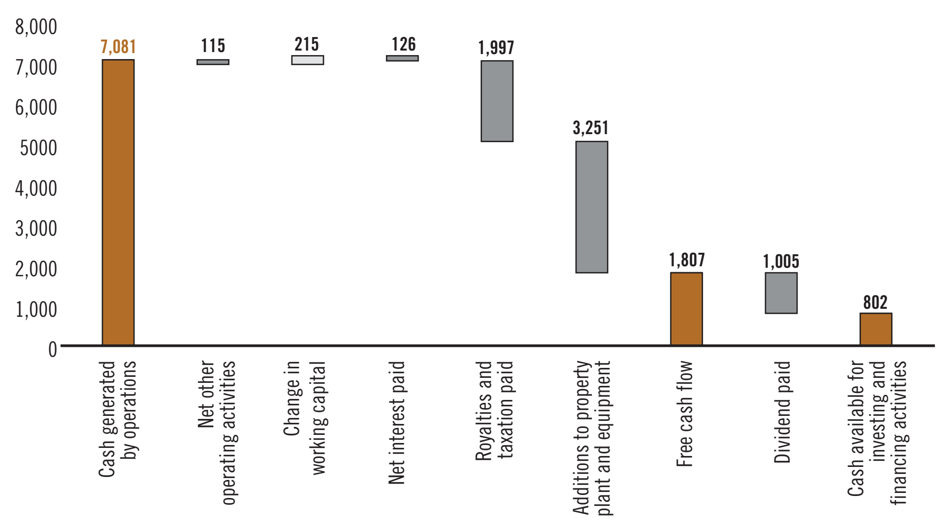
The principal factors explaining the changes in net cash flow for the year are set out in the table below:

	2014	2013	
	R million	R million	% change
Cash flows from operating activities	**4,053**	6,360	(36)
Additions to property, plant and equipment	**(3,251)**	(2,902)	12
Net borrowings repaid	**(673)**	(2,220)	(70)
Free cash flow	**1,807**	3,731	(52)

One of the most important drivers to sustain and increase shareholder value is free cash flow generation as that determines the cash available for dividends and other investing activities. Sibanye defines free cash flow as net cash from operating activities before dividends, less additions to property, plant and equipment.

The following graph details the cash movement in determining the free cash flow for 2014:

Free cash flow analysis (Rm)



CASH FLOWS FROM OPERATING ACTIVITIES

Cash inflows from operating activities decreased from R6,360 million in 2013 to R4,053 million in 2014. The items contributing to the year-on-year decrease of R2,307 million were due to the factors in the table below:

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

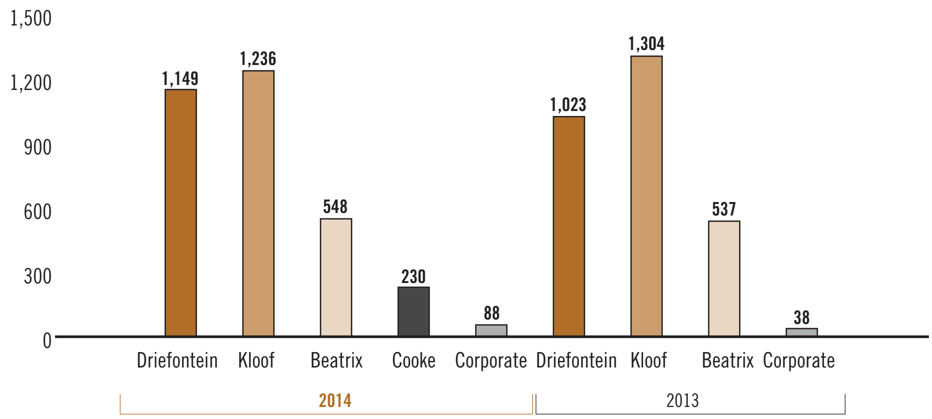
[1] The increase in royalties, taxation and dividends paid was due to additional payments made during 2014 compared with 2013.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash outflows from investing activities increased from R3,072 million in 2013 to R4,309 million in 2014 mainly due to an increase in capital expenditure of R349 million, the acquisitions of Wits Gold, Cooke and Burnstone for R616 million and the loan advanced to Rand Refinery of R385 million. For additional information of Sibanye's investment in Rand Refinery and the loan to Rand Refinery, see note 19: Equity-accounted investments to the consolidated financial statements.

Capital expenditure increased by 12% from R2,902 million in 2013 to R3,251 million in 2014. Capital expenditure at the individual mines is shown in the graph below:

Capital expenditure (Rm)



MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
CONTINUED

CASH FLOWS FROM FINANCING ACTIVITIES
Cash flows from financing activities resulted in an outflow of R673 million in 2014, as discussed below.

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

Cash flows from financing activities in 2013 resulted in an outflow of R2,088 million. On 1 February 2013, Gold Fields subscribed for shares in Sibanye at a subscription price of R17,246 million. Sibanye used R17,108 million of the proceeds to repay the GFL Mining Services Limited (GFLMS, a subsidiary of Gold Fields) loan.

On 18 February 2013, the date of unbundling from Gold Fields, Sibanye refinanced its long- and short-term credit facilities, which were Gold Fields group debt facilities, by drawing down R4,570 million under the Bridge Loan Facilities. During 2013 Sibanye repaid R2,570 million of the Bridge Loan Facilities and on 13 December 2013, Sibanye repaid the balance of the Bridge Loan Facilities by drawing down R2,000 million under the R4.5 billion Facilities.

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS
As a result of the above, net cash utilised in 2014 amounted to R930 million compared with R1,201 million generated in 2013.

Total Group cash and cash equivalents amounted to R563 million at 31 December 2014, compared with R1,492 million at 31 December 2013.

STATEMENT OF FINANCIAL POSITION
PROPERTY, PLANT AND EQUIPMENT
The balance of property, plant and equipment increased from R15,151 million at 31 December 2013 to R22,704 million at 31 December 2014. The primary contributors to this increase were the assets acquired on acquisition of Wits Gold, Cooke and Burnstone of R7,120 million, and the reversal of the Beatrix West Section impairment of R474 million.

BORROWINGS
Total debt (short- and long-term) excluding R1,134 million attributable to the Burnstone project, which has no recourse to Sibanye's balance sheet, increased from R1,991 million at 31 December 2013 to R2,036 million at 31 December 2014.

At 31 December 2013, Sibanye had committed unutilised banking facilities of R2.0 billion available under the R4.5 billion Facilities.

For a description of borrowings, see note 30: Borrowings to the consolidated financial statements for the year ended 31 December 2014.

WORKING CAPITAL AND GOING-CONCERN ASSESSMENT
The Group's current liabilities exceeded its current assets by R1,630 million as at 31 December 2014. Current liabilities at year end include the financial guarantee liability of R197 million (as detailed above) which does not reflect the true liquidity of Sibanye per se, as Sibanye believes that Gold Fields is currently in a position to meet its obligations under the Notes.

The current portion of borrowings of R554 million includes the two semi-annual repayments due and payable in June and December 2015, respectively.

Sibanye generated cash from operating activities of R4.1 billion for the year ended 31 December 2014. If the acquisition related cash outflows during the year are added back to the cash flow, the Group would have had R1.3 billion in additional cash on the statement of financial position, confirming the strong cash generating ability of the Group. Over and above this, the Group has committed unutilised debt facilities of R2.0 billion at 31 December 2014.

The Directors believe that the cash generated by its operations and the remaining balance of the Group's revolving credit facility will enable the Group to continue to meet its obligations as they fall due.

OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL COMMITMENTS

At 31 December 2014, Sibanye had no off balance sheet items. For a description of Sibanye's contractual commitments, see the following notes to the consolidated financial statements:

Contractual commitments	Note per the consolidated financial statements
Guarantees	22 – Financial guarantee
Environmental rehabilitation obligation	31 – Environmental rehabilitation obligation
Post-retirement healthcare obligation	32 – Post-retirement healthcare obligation
Commercial commitments	39 – Commitments
Contingent liabilities	40 – Contingent liabilities
Debt	
– capital	30 – Borrowings
– interest	43 – Risk management activities

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Sibanye's significant accounting policies are fully described in the various notes to its consolidated financial statements. Some of Sibanye's accounting policies require the application of significant judgments and estimates by management that can affect the amounts reported in the consolidated financial statements.

These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the consolidated financial statements.

For Sibanye's significant accounting policies that are subject to significant judgments, estimates and assumptions, see the following notes to the consolidated financial statements:

Significant accounting policy	Note per the consolidated financial statements
Basis of preparation	1 – Accounting policies
Consolidation	1 – Accounting policies
Share-based payments	7 – Share-based payments
Royalties, mining and income taxation	10 – Royalties, and mining and income taxation
Property, plant and equipment	13 – Property, plant and equipment
Business combinations	14 – Cooke acquisition
Goodwill	17 – Goodwill
Equity-accounted investments	18 – Equity accounted investments
Environmental rehabilitation obligation	31 – Environmental rehabilitation obligation
Contingent liabilities	40 – Contingent liabilities

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

Figures in million – SA rand	Notes	2014	2013	2012
Revenue	3	**21,780.5**	19,331.2	16,553.5
Cost of sales	4	**(17,566.1)**	(15,077.2)	(13,186.6)
Net operating profit		**4,214.4**	4,254.0	3,366.9
Investment income	5	**183.2**	160.3	105.5
Finance expense	6	**(400.0)**	(420.3)	(176.7)
Share-based payments	7	**(417.9)**	(305.8)	(263.5)
Share of results of equity–accounted investees after taxation	19	**(470.7)**	51.5	93.1
(Loss)/gain on financial instruments		**(107.7)**	(4.6)	13.8
(Loss)/gain on foreign exchange differences		**(63.3)**	24.0	1.2
Exploration and feasibility cost		**(15.1)**	–	–
Other income	8	**155.9**	219.3	247.2
Other costs		**(249.9)**	(314.9)	(368.5)
Impairments	9	**(275.1)**	(821.0)	–
Reversal of impairment	13	**474.1**	–	–
Profit on disposal of property, plant and equipment		**9.5**	5.5	2.4
Loss on loss of control of subsidiary	18	**–**	(30.2)	–
Transaction costs		**(111.6)**	(9.3)	–
Restructuring costs		**(160.3)**	(439.4)	(124.1)
Profit before royalties and taxation		**2,765.5**	2,369.1	2,897.3
Royalties	10.1	**(430.5)**	(414.6)	(282.1)
Profit before taxation		**2,335.0**	1,954.5	2,615.2
Mining and income taxation	10.2	**(828.1)**	(256.2)	365.0
Profit for the year		**1,506.9**	1,698.3	2,980.2
Attributable to:				
Owners of Sibanye		**1,551.5**	1,692.4	2,979.6
Non-controlling interests		**(44.6)**	5.9	0.6
Earnings per share attributable to owners of Sibanye				
Basic earnings per share – cents	11.1	**186**	260	297,960,000
Diluted earnings per share – cents	11.2	**182**	255	297,960,000

The Group does not have other comprehensive income, therefore no statement of comprehensive income is presented.

The accompanying notes form an integral part of these consolidated financial statements.

The audited consolidated financial statements for the year ended 31 December 2014 have been prepared by the corporate accounting staff of Sibanye, headed by Pieter Henning, Vice President Corporate Finance. This process was supervised by Charl Keyter, the Group's CFO.

Figures in million – US dollar	2014	2013	2012
Revenue	**2,013.0**	2,013.7	2,021.2
Cost of sales	**(1,623.5)**	(1,570.5)	(1,610.1)
Net operating profit	**389.5**	443.2	411.1
Investment income	**16.9**	16.7	12.9
Finance expense	**(37.0)**	(43.8)	(21.6)
Share-based payments	**(38.6)**	(31.9)	(32.2)
Share of results of equity–accounted investees after taxation	**(43.5)**	5.4	11.4
(Loss)/gain on financial instruments	**(10.0)**	(0.5)	1.7
(Loss)/gain on foreign exchange differences	**(5.9)**	6.7	0.1
Exploration and feasibility cost	**(1.4)**	–	–
Other income	**14.4**	22.8	30.1
Other costs	**(23.1)**	(32.8)	(44.9)
Impairments	**(25.4)**	(89.7)	–
Reversal of impairment	**43.8**	–	–
Profit on disposal of property, plant and equipment	**0.9**	0.6	0.3
Loss on loss of control of subsidiary	**–**	(3.1)	–
Transaction costs	**(10.3)**	(1.0)	–
Restructuring costs	**(14.8)**	(45.8)	(15.2)
Profit before royalties and taxation	**255.5**	246.8	353.7
Royalties	**(39.8)**	(43.2)	(34.4)
Profit before taxation	**215.7**	203.6	319.3
Mining and income taxation	**(76.5)**	(26.7)	44.6
Profit for the year	**139.2**	176.9	363.9
Attributable to:			
Owners of Sibanye	**143.3**	176.3	363.8
Non-controlling interests	**(4.1)**	0.6	0.1
Earnings per share attributable to owners of Sibanye			
Basic earnings per share – cents	**17**	27	36,380,000
Diluted earnings per share – cents	**17**	27	36,380,000
Average exchange rate R/US$1	**10.82**	9.60	8.19

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

Figures in million – SA rand	Notes	2014	2013	2012
ASSETS				
Non-current assets		**25,981.4**	17,289.9	17,950.6
Property, plant and equipment	13	**22,704.0**	15,151.0	16,376.1
Goodwill	17	**736.7**	–	–
Equity-accounted investments	19	**69.4**	275.1	218.6
Investments	20	**1.4**	1.4	1.5
Environmental rehabilitation obligation funds	21	**2,192.8**	1,588.1	1,331.1
Financial guarantee asset	22	**225.5**	238.5	–
Deferred taxation	29	**51.6**	35.8	23.3
Current assets		**1,940.5**	2,705.0	1,747.1
Inventories	23	**327.7**	187.1	348.9
Trade and other receivables	24	**992.8**	973.8	558.3
Current portion of financial guarantee asset	22	**57.1**	51.7	–
Related-party receivables	25	**–**	–	548.1
Cash and cash equivalents	26	**562.9**	1,492.4	291.8
Total assets		**27,921.9**	19,994.9	19,697.7
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent		**14,656.3**	9,421.2	(9,668.1)
Stated share capital [1]		**21,734.6**	17,245.8	–
Other reserves		**2,819.1**	2,643.3	2,429.9
Accumulated loss		**(9,897.4)**	(10,467.9)	(12,098.0)
Non-controlling interest	28	**329.6**	2.2	(4.6)
Total equity		**14,985.9**	9,423.4	(9,672.7)
Non-current liabilities		**9,365.4**	6,980.0	7,942.3
Deferred taxation	29	**3,869.3**	3,735.4	4,185.5
Borrowings	30	**2,615.8**	1,491.4	2,000.0
Environmental rehabilitation obligation	31	**2,486.8**	1,660.7	1,739.1
Post-retirement healthcare obligation	32	**15.1**	16.3	17.7
Share-based payment obligations	7	**378.4**	76.2	–
Current liabilities		**3,570.6**	3,591.5	21,428.1
Trade and other payables	33	**2,714.6**	2,073.0	1,769.6
Financial guarantee liability	22	**197.0**	206.6	196.4
Taxation and royalties payable		**84.0**	767.2	96.6
Current portion of borrowings	30	**554.2**	499.5	2,220.0
Current portion of share-based payment obligations	7	**20.8**	45.2	–
Related-party payables	34	**–**	–	17,145.5
Total equity and liabilities		**27,921.9**	19,994.9	19,697.7

[1] Stated share capital as at 31 December 2012 is a nominal amount of R1,000 (US$157) and shown as zero due to rounding.

The accompanying notes form an integral part of these consolidated financial statements.

Figures in million – US dollar	2014	2013	2012
ASSETS			
Non-current assets	**2,247.5**	1,672.2	2,094.7
Property, plant and equipment	**1,964.0**	1,465.3	1,911.0
Goodwill	**63.7**	–	–
Equity-accounted investments	**6.0**	26.6	25.5
Investments	**0.1**	0.1	0.2
Environmental rehabilitation obligation funds	**189.7**	153.6	155.3
Financial guarantee asset	**19.5**	23.1	–
Deferred taxation	**4.5**	3.5	2.7
Current assets	**167.8**	261.7	203.9
Inventories	**28.3**	18.1	40.7
Trade and other receivables	**85.9**	94.3	65.2
Current portion of financial guarantee asset	**4.9**	5.0	–
Related-party receivables	**–**	–	64.0
Cash and cash equivalents	**48.7**	144.3	34.0
Total assets	**2,415.3**	1,933.9	2,298.6
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent	**1,267.8**	911.2	(1,128.1)
Stated share capital [1]	**2,388.6**	1,955.3	–
Other reserves	**550.2**	678,8	767.6
Accumulated loss	**(1,671.0)**	(1,722.9)	(1,895.7)
Non-controlling interest	**28.5**	0.2	(0.5)
Total equity	**1,296.3**	911.4	(1,128.6)
Non-current liabilities	**810.2**	675.1	926.9
Deferred taxation	**334.8**	361.3	488.4
Borrowings	**226.3**	144.2	233.5
Environmental rehabilitation obligation	**215.1**	160.6	202.9
Post-retirement healthcare obligation	**1.3**	1.6	2.1
Share-based payment obligations	**32.7**	7.4	–
Current liabilities	**308.8**	347.4	2,500.3
Trade and other payables	**234.8**	200.5	206.6
Financial guarantee liability	**17.0**	20.0	22.8
Taxation and royalties payable	**7.3**	74.2	11.2
Current portion of borrowings	**47.9**	48.3	259.0
Current portion of share-based payment obligations	**1.8**	4.4	–
Related-party payables	**–**	–	2,000.7
Total equity and liabilities	**2,415.3**	1,933.9	2,298.6
Closing exchange rate R/US$1	**11.56**	10.34	8.57

[1] Stated share capital as at 31 December 2012 is a nominal amount of R1,000 (US$157) and shown as zero due to rounding.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

Figures in million – SA rand	Stated share capital [1] (Note 27)	Share-based payment reserve (Note 7)	Accumulated loss	Equity attributable to owners of Sibanye	Non-controlling interest (Note 28)	Total equity
Balance at 31 December 2011	–	2,166.4	(14,136.1)	**(11,969.7)**	(5.9)	**(11,975.6)**
Total comprehensive income for the year	–	–	2,979.6	**2,979.6**	0.6	**2,980.2**
Profit for the year	–	–	2,979.6	**2,979.6**	0.6	**2,980.2**
Other comprehensive income	–	–	–	**–**	–	**–**
Share-based payments	–	263.5	–	**263.5**	–	**263.5**
Dividends paid	–	–	(731.3)	**(731.3)**	–	**(731.3)**
Transaction with non-controlling interests	–	–	–	**–**	0.7	**0.7**
Transaction with shareholder	–	–	(210.2)	**(210.2)**	–	**(210.2)**
Balance at 31 December 2012	**–**	**2,429.9**	**(12,098.0)**	**(9,668.1)**	**(4.6)**	**(9,672.7)**
Total comprehensive income for the year	–	–	1,692.4	**1,692.4**	5.9	**1,698.3**
Profit for the year	–	–	1,692.4	**1,692.4**	5.9	**1,698.3**
Other comprehensive income	–	–	–	**–**	–	**–**
Share-based payments	–	213.4	–	**213.4**	–	**213.4**
Share subscription	17,245.8	–	–	**17,245.8**	–	**17,245.8**
Dividends paid	–	–	(271.9)	**(271.9)**	–	**(271.9)**
Transaction with non-controlling interests	–	–	–	**–**	3.0	**3.0**
Loss of control of subsidiary (refer note 18)	–	–	–	**–**	(2.1)	**(2.1)**
Transaction with shareholder	–	–	209.6	**209.6**	–	**209.6**
Balance at 31 December 2013	**17,245.8**	**2,643.3**	**(10,467.9)**	**9,421.2**	**2.2**	**9,423.4**
Total comprehensive income for the year	–	–	1,551.5	**1,551.5**	(44.6)	**1,506.9**
Profit/(loss) for the year	–	–	1,551.5	**1,551.5**	(44.6)	**1,506.9**
Other comprehensive income	–	–	–	**–**	–	**–**
Share-based payments	–	175.8	–	**175.8**	–	**175.8**
Shares issued (refer to note 14)	4,488.8	–	–	**4,488.8**	–	**4,488.8**
Acquisition of subsidiary with non-controlling interest (refer to note 14)	–	–	–	**–**	396.2	**396.2**
Dividends paid	–	–	(1,005.2)	**(1,005.2)**	–	**(1,005.2)**
Transaction with non-controlling interests	–	–	24.2	**24.2**	(24.2)	**–**
Balance at 31 December 2014	**21,734.6**	**2,819.1**	**(9,897.4)**	**14,656.3**	**329.6**	**14,985.9**

[1] Stated share capital as at 31 December 2012 is a nominal amount of 1,000 shares of R1,000 (US$157) and shown as zero due to rounding.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

Figures in million – SA rand	Notes	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated by operations	35	**7,081.4**	6,840.0	5,477.4
Post-retirement health care payments		**(2.4)**	(2.7)	(1.2)
Cash-settled share-based payments paid	7	**(166.6)**	(3.9)	–
Change in working capital	36	**214.5**	568.7	(648.0)
Cash generated from operating activities		**7,126.9**	7,402.1	4,828.2
Interest received		**68.5**	63.3	35.3
Interest paid		**(194.0)**	(326.3)	(116.9)
Guarantee fees received	22.1	**53.6**	47.0	–
Royalties paid	37	**(650.1)**	(249.0)	(413.7)
Taxation paid	38	**(1,347.1)**	(304.8)	(980.4)
Dividends paid	12	**(1,005.2)**	(271.9)	(731.3)
Net cash from operating activities		**4,052.6**	6,360.4	2,621.2
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	13	**(3,250.8)**	(2,901.5)	(3,106.9)
Proceeds on disposal of property, plant and equipment		**22.6**	6.9	5.2
Contributions to environmental rehabilitation obligation funds		**(69.3)**	(172.3)	(24.3)
Payment of environmental rehabilitation obligation		**(10.9)**	(10.5)	–
Investment in subsidiary	15	**(415.3)**	–	–
Loans granted to subsidiary prior to acquisition	14, 16	**(238.6)**	–	–
Cash acquired on acquisition of subsidiaries	14, 15, 16	**38.1**	–	–
Loan advanced to equity-accounted investee	19	**(384.6)**	–	–
Cash flow on loss of control of subsidiary	18	**–**	5.9	–
Net cash used in investing activities		**(4,308.8)**	(3,071.5)	(3,126.0)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares issued on unbundling		**–**	17,245.8	–
Loans repaid	30	**(2,296.9)**	(9,840.0)	–
Loans raised	30	**1,623.6**	7,620.0	4,220.0
Related-party loans repaid		**–**	(17,108.0)	(4,272.4)
Related-party loans raised		**–**	–	486.2
Financing costs capitalised		**–**	(9.1)	–
Proceeds on shares issued to non-controlling interests		**–**	3.0	–
Net cash (used in)/flows from financing activities		**(673.3)**	(2,088.3)	433.8
Net (decrease)/increase in cash and cash equivalents		**(929.5)**	1,200.6	(71.0)
Cash and cash equivalents at the beginning of the year		**1,492.4**	291.8	362.8
Cash and cash equivalents at the end of the year	26	**562.9**	1,492.4	291.8

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Where an accounting policy is specific to a note, the policy is described in the note which it relates to. These policies have been consistently applied to all the periods presented, except for the adoption of new and revised standards and interpretations.

1.1 REPORTING ENTITY

Sibanye Gold Limited (Sibanye or the Company) is a South African focused gold producer, listed on the Main Board of the JSE Limited (JSE) and New York Stock Exchange (NYSE), following the unbundling by Gold Fields Limited (Gold Fields), of its wholly owned subsidiary, Sibanye on 18 February 2013 (the Unbundling date). Sibanye's principal operations are Driefontein, Kloof, Beatrix and Cooke as well as a number of service company subsidiaries, collectively referred to as the Group.

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

Sibanye began trading on 11 February 2013 on the JSE and the NYSE. The entire issued share capital of Sibanye was unbundled to existing Gold Fields shareholders on 18 February 2013, by way of a distribution in specie in accordance with section 46 of the Companies Act, section 46 of the Income Tax Act and the JSE Listings Requirements. The Sibanye shares were unbundled in a ratio of 1:1 with Gold Fields shares and resulted in Gold Fields's shareholders holding two separate shares; a Sibanye share as well as their original Gold Fields share. Subsequent to the unbundling Sibanye is an independent, publicly traded company with a new board of directors and management.

1.2 BASIS OF PREPARATION

The financial statements of the Group have been prepared on a going concern basis in accordance with IFRS, as issued by the International Accounting Standards Board, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and JSE Listing requirements. The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments), which are measured at fair value through profit or loss or through the fair value adjustment reserve in equity.

Standards, interpretations and amendments to published standards effective for the year ended 31 December 2014

During the financial year, the following new and revised accounting standards and amendments to standards became effective and had no impact on the Group's financial statements:

Pronouncement	Title	Effective date:
IAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014

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

Pronouncement	Title	Effective date:
IAS 32 (Amendment)	*Offsetting Financial Assets and Financial Liabilities* The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is: • Not contingent on a future event; and • Enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. *The impacts have been incorporated in the notes to the financial statements.*	1 January 2014
IAS 36 (Amendment)	*Recoverable Amount Disclosures for Non-Financial Assets* The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed. *The impacts have been incorporated in the notes to the financial statements.*	1 January 2014

Standards, interpretations and amendments to published standards which are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that apply to the Group's accounting periods beginning on or after 1 January 2014 but have not been early adopted by the Group. Other than disclosure, the impact of these standards is not expected to be significant. The standards, amendments and interpretations that are applicable to the Group are:

Pronouncement	Title	Effective date:
IFRS 9 (New standard)	*Financial Instruments* IFRS 9 arises from a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2018
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* The amendments address a conflict between the requirements of IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements, and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.	1 January 2016
IFRS 11 (Amendment)	*Accounting for Acquisitions of Interests in Joint Operations* The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.	1 January 2016
IFRS 15 (New standard)	*Revenue from Contracts with Customers* IFRS 15 replaces IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2017
IAS 1 (Amendment)	*Disclosure Initiative* The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.	1 January 2016
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* The amendments clarify the basis for the calculation of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of the asset.	1 January 2016
IAS 19 (Amendment)	*Defined Benefit Plans: Employee Contributions* The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expediency if they are: • set out in the formal terms of the plan; • linked to service; and • independent of the number of years of service.	1 July 2014
Amendments to 6 standards	Improvements to IFRSs 2010-2012 Cycle	1 July 2014
Amendments to 4 standards	Improvements to IFRSs 2011-2013 Cycle	1 July 2014
Amendments to 4 standards	Improvements to IFRSs 2012-2014 Cycle	1 January 2016

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

1. ACCOUNTING POLICIES (continued)

1.2 BASIS OF PREPARATION (continued)

Significant accounting judgements and estimates

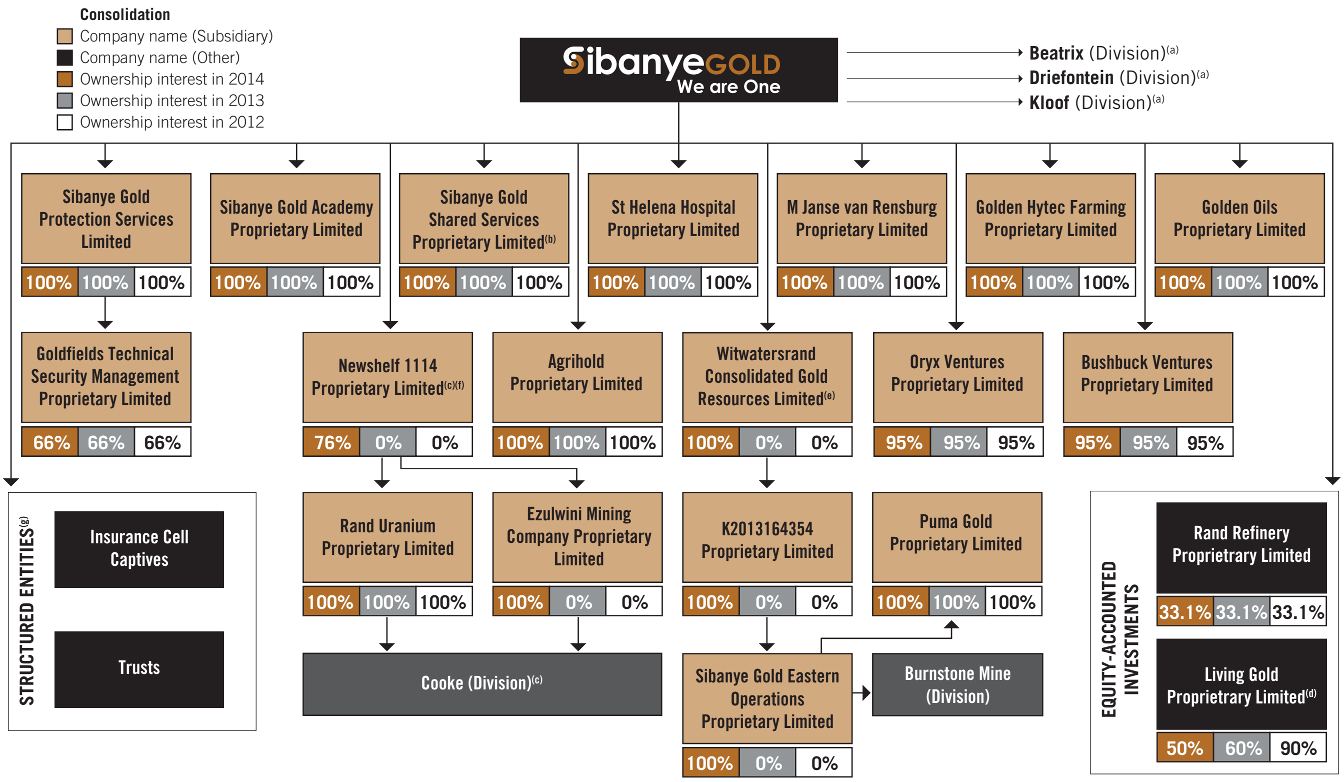
Use of estimates: The preparation of the financial statements requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to Mineral Reserves that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations; environmental, reclamation and closure obligations; asset impairments, reversal of impairments, write-downs of inventory to net realisable value; the fair value and accounting treatment of derivative financial instruments and deferred taxation.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed under the relevant note of the item affected.

1.3 CONSOLIDATION



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

(b) Sibanye has ceded and pledged its shares in Sibanye Gold Shared Services Proprietary Limited (Shared Services) and Newshelf 1114 Proprietary Limited (Newshelf 1114) in favour of the lenders of the R4.5 billion Facilities as security, refer to note 30(a).

(c) Rand Uranium Proprietary Limited (Rand Uranium) and Ezulwini Mining Company Proprietary Limited (Ezulwini) together own a number of underground and surface mining operations. These operations are reported to and managed by the Group's chief operating decision maker (the Executive Committee) as a separate segment, the Cooke Operations. Refer to note 14 for further details relating to acquisition of the Newshelf 1114 group on 15 May 2014.

(d) Although the Group owns 50% of Living Gold Proprietary Limited (Living Gold), the management of Living Gold have control of the entity in terms of IFRS 10, refer to note 18.

(e) Witwatersrand Consolidated Gold Resources Limited (Wits Gold) has ceded and pledged its shares in K2013164354 Proprietary Limited (K2013) (a dormant entity) and K2013 has ceded and pledged it shares in Sibanye Gold Eastern Operations Proprietary Limited (SGEO) in favour of the lenders of the Burnstone Debt (refer to note 30(c)).

(f) After the acquisition of the Newshelf 1114 group, the R396.2 million non-controlling interests in the statement of changes in equity relates to the non-controlling interest at acquisition of the Newshelf 1114 group (refer to note 14) and the attributable share of accumulated profits of Goldfields Technical Security Management Proprietary Limited (refer to note 28).

(g) The group has no current or contractual obligation to provide financial support to any of its structured entities.

Subsidiaries

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is obtained by the Group until the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Structured entities

Structured entities are those entities that have been designed so that voting (or similar) rights are not the dominant factor in deciding who controls the entity. Structured entities controlled by the Group are consolidated.

Transactions with shareholders of Sibanye

Transactions with owners in the capacity as equity participants are not recognised in profit or loss, but instead are recognised in equity with a corresponding change in assets or liabilities.

1.4 FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Translation differences on available-for-sale equities are included in equity.

Additional US dollar information

The translation of the Group's consolidated income statement and statement of financial position into US dollar is based on the average exchange rate for the year for the income statement and the year-end closing exchange rate for statement of financial position items. Exchange differences on translation are accounted for in equity.

This information is provided as supplementary information only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

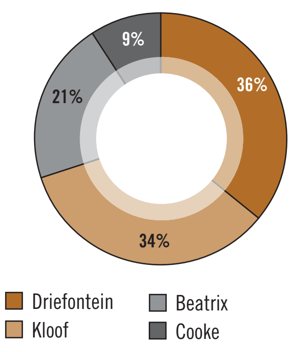
FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

2. SEGMENT REPORTING

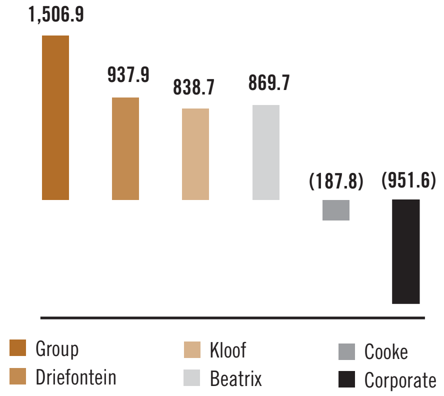
Accounting policy

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

Revenue Rm



Profit for the year Rm



Figures in million – SA rand	Group	Driefontein	Kloof	Beatrix	Cooke [1]	Corporate [2]
31 December 2014						
Revenue	**21,780.5**	7,829.4	7,502.8	4,566.3	1,882.0	–
Underground revenue	**19,908.7**	7,200.2	6,887.3	4,228.8	1,592.4	–
Surface revenue	**1,871.8**	629.2	615.5	337.5	289.6	–
Operating costs [3]	**(14,311.4)**	(4,912.3)	(4,502.3)	(3,204.0)	(1,692.8)	–
Underground operating costs	**(13,032.3)**	(4,427.6)	(4,087.0)	(3,052.1)	(1,465.5)	–
Surface operating costs	**(1,279.2)**	(484.7)	(415.3)	(151.9)	(227.3)	–
Operating profit [3]	**7,469.1**	2,917.1	3,000.5	1,362.3	189.2	–
Amortisation and depreciation	**(3,254.7)**	(1,129.3)	(1,322.3)	(468.4)	(308.3)	(26.4)
Net operating profit	**4,214.4**	1,787.8	1,678.2	893.9	(119.1)	(26.4)
Investment income	**183.2**	48.3	42.7	24.5	14.7	53.0
Finance expense	**(400.0)**	(152.8)	(132.6)	(41.8)	(56.5)	(16.3)
Share-based payments	**(417.9)**	(69.1)	(58.2)	(45.9)	–	(244.7)
Exploration and feasibility costs	**(15.1)**	–	–	(9.4)	(5.1)	(0.6)
Net other costs [4]	**(735.7)**	(86.3)	(56.6)	(56.5)	(5.8)	(530.5)
Non-recurring items [5]	**(63.4)**	(95.1)	(152.0)	469.4	(17.9)	(267.8)
Royalties	**(430.5)**	(165.5)	(174.5)	(82.1)	(8.4)	–
Current taxation	**(879.2)**	(339.2)	(379.6)	(153.9)	–	(6.5)
Deferred taxation	**51.1**	9.8	71.3	(128.5)	10.3	88.2
Profit for the year	**1,506.9**	937.9	838.7	869.7	(187.8)	(951.6)
Attributable to:						
Owners of the parent	**1,551.5**	937.9	838.7	869.7	(143.2)	(951.6)
Non-controlling interest holders	**(44.6)**	–	–	–	(44.6)	–
Sustaining capital expenditure	**974.6**	465.3	355.7	101.9	51.7	–
Ore reserve development	**2,126.5**	683.6	879.8	446.1	117.0	–
Projects	**132.8**	–	–	–	61.2	71.6
Other	**16.9**	–	–	–	–	16.9
Total capital expenditure	**3,250.8**	1,148.9	1,235.5	548.0	229.9	88.5

Figures may not add as they are rounded independently.

[1] Cooke's performance is for the seven months ended 31 December 2014, as it was only acquired on 15 May 2014, refer to note 14.

[2] Corporate represents the items to reconcile segment data to consolidated financial statement totals. This does not represent a separate segment as it does not generate mining revenue.

[3] Operating costs is defined as cost of sales excluding amortisation and depreciation. Operating profit is defined as revenue minus operating costs.

[4] Net other costs consists of (loss)/gain on financial instruments; (loss)/gain on foreign exchange differences; other income and other costs as detailed in the income statement. Corporate net other costs includes the share of results of equity-accounted investees after taxation as detailed on the income statement.

[5] Non-recurring items consists of impairment; reversal of impairment; profit on disposal of property, plant and equipment; loss on loss of control of subsidiary; transaction costs and restructuring costs as detailed in the income statement.

Figures in million – SA rand	Group	Driefontein	Kloof	Beatrix	Corporate [1]
31 December 2013					
Revenue	**19,331.2**	8,162.7	6,954.4	4,214.1	–
Underground revenue	**17,663.6**	7,354.6	6,323.4	3,985.6	–
Surface revenue	**1,667.6**	808.1	631.0	228.5	–
Operating costs [2]	**(11,973.3)**	(4,881.2)	(4,100.7)	(2,991.4)	–
Underground operating costs	**(11,030.5)**	(4,421.9)	(3,762.1)	(2,846.5)	–
Surface operating costs	**(942.8)**	(459.3)	(338.6)	(144.9)	–
Operating profit [2]	**7,357.9**	3,281.5	2,853.7	1,222.7	–
Amortisation and depreciation	**(3,103.9)**	(1,458.0)	(1,096.5)	(528.1)	(21.3)
Net operating profit	**4,254.0**	1,823.5	1,757.2	694.6	(21.3)
Investment income	**160.3**	55.0	47.4	27.5	30.4
Finance expense	**(420.3)**	(193.6)	(152.3)	(72.8)	(1.6)
Share-based payments	**(305.8)**	(61.1)	(47.2)	(41.8)	(155.7)
Net other costs [3]	**(24.7)**	(67.0)	(70.5)	(40.4)	153.2
Non-recurring items [4]	**(1,294.4)**	(159.5)	(125.6)	(900.1)	(109.2)
Royalties	**(414.6)**	(198.3)	(147.1)	(69.2)	–
Current taxation	**(809.8)**	(427.7)	(273.5)	(97.5)	(11.1)
Deferred taxation	**553.6**	174.0	18.3	336.3	25.0
Profit for the year	**1,698.3**	945.3	1,006.7	(163.4)	(90.3)
Attributable to:					
Owners of the parent	**1,692.4**	945.3	1,006.7	(163.4)	(96.2)
Non-controlling interest holders	**5.9**	–	–	–	5.9
Sustaining capital expenditure	**1,018.5**	320.2	459.8	200.6	37.9
Ore reserve development	**1,883.0**	702.8	843.8	336.4	–
Total capital expenditure	**2,901.5**	1,023.0	1,303.6	537.0	37.9

Figures may not add as they are rounded independently.

[1] *Corporate represents the items to reconcile segment data to consolidated financial statement totals. This does not represent a separate segment as it does not generate mining revenue.*

[2] *Operating costs is defined as cost of sales excluding amortisation and depreciation. Operating profit is defined as revenue minus operating costs.*

[3] *Net other costs consists of (loss)/gain on financial instruments; (loss)/gain on foreign exchange differences; other income and other costs as detailed in the income statement. Corporate net other costs includes the share of results of equity-accounted investees after taxation as detailed on the income statement.*

[4] *Non-recurring items consists of impairment; reversal of impairment; profit on disposal of property, plant and equipment; loss on loss of control of subsidiary; transaction costs and restructuring costs as detailed in the income statement.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

2. SEGMENT REPORTING (continued)

Figures in million – SA rand	Group	Driefontein	Kloof	Beatrix	Corporate [1]
31 December 2012					
Revenue	**16,553.5**	5,946.6	6,693.9	3,913.0	–
Underground revenue	**14,661.1**	4,842.9	6,046.8	3,771.4	–
Surface revenue	**1,892.4**	1,103.7	647.1	141.6	–
Operating costs [2]	**(10,823.8)**	(4,302.4)	(3,899.0)	(2,622.4)	–
Underground operating costs	**(9,999.4)**	(3,891.1)	(3,567.2)	(2,541.1)	–
Surface operating costs	**(824.4)**	(411.3)	(331.8)	(81.3)	–
Operating profit [2]	**5,729.7**	1,644.2	2,794.9	1,290.6	–
Amortisation and depreciation	**(2,362.8)**	(986.5)	(726.4)	(631.8)	(18.1)
Net operating profit	**3,366.9**	657.7	2,068.5	658.8	(18.1)
Investment income	**105.5**	38.2	36.8	19.3	11.2
Finance expense	**(176.7)**	(63.0)	(78.5)	(29.9)	(5.3)
Share-based payments	**(263.5)**	(72.1)	(43.5)	(42.3)	(105.6)
Net other costs [3]	**15.5**	(53.6)	(65.1)	(30.3)	164.5
Non-recurring items [4]	**(150.4)**	(84.3)	(58.4)	(8.0)	0.3
Royalties	**(282.1)**	(66.2)	(145.3)	(70.5)	–
Current taxation	**(474.8)**	(22.6)	(306.3)	(121.5)	(24.4)
Deferred taxation	**839.8**	377.3	207.4	238.2	16.9
Profit for the year	**2,980.2**	711.4	1,615.6	613.8	39.5
Attributable to:					
Owners of the parent	**2,979.6**	711.4	1,615.6	613.8	38.9
Non-controlling interest holders	**0.6**	–	–	–	0.6
Sustaining capital expenditure	**979.0**	241.3	504.5	210.7	22.5
Ore reserve development	**2,127.9**	849.6	830.8	447.5	–
Total capital expenditure	**3,106.9**	1,090.9	1,335.3	658.2	22.5

Figures may not add as they are rounded independently.

[1] Corporate represents the items to reconcile segment data to consolidated financial statement totals. This does not represent a separate segment as it does not generate mining revenue.

[2] Operating costs is defined as cost of sales excluding amortisation and depreciation. Operating profit is defined as revenue minus operating costs.

[3] Net other costs consists of (loss)/gain on financial instruments; (loss)/gain on foreign exchange differences; other income and other costs as detailed in the income statement. Corporate net other costs includes the share of results of equity-accounted investees after taxation as detailed on the income statement.

[4] Non-recurring items consists of impairment; reversal of impairment; profit on disposal of property, plant and equipment; loss on loss of control of subsidiary; transaction costs and restructuring costs as detailed in the income statement.

3. REVENUE

Accounting policy

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured.

Revenue arising from gold sales is recognised at the fair value of the consideration received or receivable, once the significant risks and rewards of ownership have passed to the buyer. These criteria are typically met when the gold is delivered to the refinery. The price of gold is determined by market forces.

Figures in million – SA rand	2014	2013	2012
Revenue from mining activities	**21,780.5**	19,331.2	16,553.5
Total revenue	**21,780.5**	19,331.2	16,553.5

4. COST OF SALES

Accounting policy

The following accounting policies relates to costs that are included in cost of sales:

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Pension and provident funds

The Group operates a defined contribution retirement plan and contributes to a number of industry-based defined contribution retirement plans. The retirement plans are funded by payments from employees and Group companies.

Contributions to defined contribution funds are expensed as incurred.

Figures in million – SA rand	2014	2013	2012
Salaries and wages	**(6,664.9)**	(6,155.9)	(5,790.8)
Consumable stores	**(3,480.4)**	(2,720.7)	(2,576.2)
Utilities	**(2,753.3)**	(2,315.4)	(2,115.2)
Mine contracts	**(1,136.4)**	(928.2)	(936.5)
Other	**(2,402.9)**	(1,736.1)	(1,533.0)
Ore reserve development costs capitalised [1]	**2,126.5**	1,883.0	2,127.9
Operating costs	**(14,311.4)**	(11,973.3)	(10,823.8)
Amortisation and depreciation	**(3,254.7)**	(3,103.9)	(2,362.8)
Total cost of sales	**(17,566.1)**	(15,077.2)	(13,186.6)

[1] *Ore Reserve Development (ORD) costs are capitalised and amortised over the period that the Group expects to consume the economic benefits relating to the ORD. ORD is all off-reef development that allows access to reserves that are economically recoverable in the future. ORD includes, but is not limited to, crosscuts, footwalls, return airways and box holes.*

All employees are members of various defined contribution retirement plans. The cost of providing retirement benefits for the year amounted to R558.5 million (2013: R548.6 million and 2012: R514.7 million).

5. INVESTMENT INCOME

Accounting policy

Investment income comprises interest income on funds invested; unwinding of the financial guarantee asset and dividend income from listed and unlisted investments.

Interest income is recognised on a time proportion basis taking account of the principal outstanding and the effective interest method over the period to maturity.

Cash flows from dividends and interest received are classified under operating activities in the statement of cash flows.

Figures in million – SA rand	2014	2013	2012
Interest income on:			
Environmental rehabilitation obligation funds	**98.5**	84.7	70.2
Cash balances	**68.5**	63.3	35.3
Financial guarantee asset	**15.0**	12.3	–
Loan to Rand Refinery (refer to note 19)	**1.2**	–	–
Total investment income	**183.2**	160.3	105.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

6. FINANCE EXPENSE

Accounting policy
Finance expense comprises interest on borrowings; post-retirement healthcare obligation and environmental rehabilitation obligation offset by borrowing costs capitalised on qualifying assets.

Interest payable on borrowings is recognised in the income statement over the term of the borrowings using the effective interest method.

Cash flows from interest paid are classified under operating activities in the statement of cash flows.

Figures in million – SA rand	2014	2013	2012
Interest charge on:			
Borrowings – interest paid	**(187.7)**	(319.4)	(114.2)
Borrowings – unwinding of amortised cost	**(43.3)**	–	–
Environmental rehabilitation obligation	**(161.5)**	(92.7)	(57.7)
Post-retirement healthcare obligation	**(1.2)**	(1.3)	(2.1)
Other	**(6.3)**	(6.9)	(2.7)
Total finance expense	**(400.0)**	(420.3)	(176.7)

7. SHARE-BASED PAYMENTS

Significant accounting judgements and estimates
Equity-settled share-based payments
The Group issues equity-settled share-based payments to certain employees. These instruments are measured at fair value at grant date, using the Monte Carlo simulation valuation model, which requires assumptions regarding the estimated term of the option, share price volatility and expected dividend yield. While Sibanye's management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the option grant and the related recognition of share-based compensation expense in the consolidated income statement. Sibanye's options have characteristics significantly different from those of traded options and therefore fair values may also differ.

Cash-settled share-based payments
The Group also issues cash-settled share-based payments to certain employees which are valued on the same assumptions as those used for the equity-settled instruments mentioned above. In addition to the expense of these cash-settled instruments, the share-based payment obligation of these instruments is valued at the fair value of the instruments at year end. This fair value adjustment also takes into account the potential vesting percentage of the cash-settled instruments, based on the actual ranking of the Company versus the peer group at the reporting date and management's assessment of the possibility to maintain that ranking at the vesting date.

Accounting policy
The Group operates an equity-settled compensation plan in which certain employees of the Group participate. The fair value of the equity-settled instruments is measured by reference to the fair value of the equity instrument granted.

Fair value is based on market prices of the equity-settled instruments granted, if available, taking into account the terms and conditions upon which those equity-settled instruments were granted. Fair value of equity-settled instruments granted is estimated using appropriate valuation models and appropriate assumptions at the grant date. Non-market vesting conditions (service period prior to vesting) are not taken into account when estimating the fair value of the equity-settled instruments at grant date. Market conditions are taken into account in determining the fair value at grant date.

The grant date fair value of the equity-settled instruments is recognised as an employee benefit expense over the vesting period based on the Group's estimate of the number of instruments that will eventually vest, with a corresponding increase in the share-based payment reserve. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

The Group also operates a cash-settled compensation plan in which certain employees of the Group participate. The grant date fair value of the cash-settled instruments is equal to the value of the equity-settled instrument granted on the same grant date.

The grant date fair value of the cash-settled instruments is recognised as an employee benefit expense over the vesting period based on the Group's estimate of the number of instruments that will eventually vest, with a corresponding increase in the share-based payment obligation. At each reporting date the obligation is remeasured to the fair value of the instrument, to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment to gain or loss on financial instrument in profit and loss.
Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Where the terms of an equity-settled or a cash-settled award are modified, the originally determined expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the participant as measured at the date of the modification.

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

Figures in million – SA rand	2014	2013	2012
(a) Sibanye Gold Limited 2013 Share Plan			
Performance shares	**(147.7)**	(154.3)	–
Bonus shares	**(28.1)**	(17.8)	–
(b) Sibanye Gold Limited Phantom Share Scheme			
Performance shares	**(138.7)**	(41.9)	–
Bonus shares	**(96.7)**	(48.2)	–
Phantom share dividends	**(6.7)**	(2.3)	–
(c) Gold Fields Limited 2012 Share Plan			
Performance shares	**–**	(13.1)	(62.3)
Bonus shares	**–**	(2.9)	(40.6)
(d) Gold Fields Limited 2005 Share Plan			
Performance vesting restricted shares	**–**	(23.1)	(146.7)
Performance allocated share appreciation rights	**–**	(2.2)	(13.9)
Total share-based payments	**(417.9)**	(305.8)	(263.5)

(a) Sibanye Gold Limited 2013 Share Plan

On 21 November 2012 the shareholder of Sibanye approved the adoption of the SGL Share Plan with effect from the date of listing. The SGL Share Plan provides for two methods of participation, namely the Performance Share (PS) Method and the Bonus Share (BS) Method. This plan seeks to attract, retain, motivate and reward participating employees on a basis which seeks to align the interests of such employees with those of the shareholders.

The Remuneration Committee makes an annual conditional award of shares to the CEO, CFO, SVPs and Vice Presidents (VPs). The number of PS awarded to an employee is based on the employee's annual guaranteed pay, grade and performance. The actual number of PS which vest is determined by Sibanye's share price performance measured against the performance of a peer group, being Harmony Gold Mining Company Limited (Harmony), Pan African Resources PLC and Gold One International Limited (Gold One) (subsequently delisted), over a performance period of three years. This peer group is determined and approved by the Remuneration Committee. The PS, which vest, are based on the relative change in the Sibanye share price compared to the respective share prices of the individual companies within the peer group and with discretion allowed due to the small sample size. For any PS award to be settled to executives, an internal company performance target is required to be met before the external relative measure is applied. The target performance criterion is set at 85% of Sibanye's expected gold production over the three-year measurement period as set out in the business plans of Sibanye as approved by the Board. Only once the internal measure has been achieved, will the external measure (Sibanye's share price performance measured against the abovementioned peer group) be applied to determine the scale of the vesting of awards of PS.

The Committee makes an annual conditional award of shares to each executive director and senior executive. The size of the award depends on the individual's annual cash bonus, which is determined by actual performance against predetermined targets. Restricted BS are allocated on the ratio of two-thirds of an individual's annual bonus. The BS vest in two equal parts at nine months and 18 months after the award date. Dividends are payable on the BS during the holding period.

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

Performance shares (PS)				Bonus Shares (BS)		
2012	2013	2014	Number of instruments	2014	2013	2012
		28,083,703	Outstanding at beginning of the year	**1,135,455**		
			Movement during the year:			
–	28,568,317	**–**	Granted to replace Gold Fields Share Plans	**–**	702,915	–
–	4,118,870	**2,953,057**	Granted during the year	**1,275,979**	1,135,455	–
–	(1,523,111)	**(5,567,771)**	Exercised and released	**(1,672,579)**	(638,086)	–
–	(3,080,373)	**(2,179,727)**	Forfeited	**(143,843)**	(64,829)	–
–	28,083,703	**23,289,262**	**Outstanding at end of the year**	**595,012**	1,135,455	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

7. SHARE-BASED PAYMENTS (continued)

The fair value of the above PS equity instruments granted during the year were valued using the Monte Carlo Simulation model. For the BS equity instruments, a future trading model is used to estimate the loss in value to the holders of bonus shares due to trading restrictions. The actual valuation is developed using a Monte Carlo analysis of the future share price of Sibanye.

The inputs to the models for options granted during the year were as follows:

Performance shares (PS)			MONTE CARLO SIMULATION	Bonus Shares (BS)		
2012	2013	2014		2014	2013	2012
–	64.6%	**56.4%**	• weighted average historical volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option)	**56.4%**	64.6%	–
–	3	**3**	• expected term (years)	**n/a**	n/a	–
–	n/a	**n/a**	• expected term (months)	**9 – 18**	9 – 18	–
–	2.5%	**4.7%**	• expected dividend yield	**4.7%**	2.5%	–
	6.0%	**5.7%**	• weighted average three-year risk-free interest rate (based on SA interest rates)	**5.7%**	6.0%	–
–	n/a	**n/a**	• marketability discount	**2.2%**	3.0%	–
–	12.55	**38.61**	• weighted average fair value	**24.94**	12.57	–

The compensation cost of awards that were issued to replace the historical instruments issued by Gold Fields will mirror the costs that would have been expensed in future periods under the Gold Fields Limited Share Plans had they still been in place.

The compensation cost related to awards not yet recognised under the plan at 31 December 2014 amounts to R129.2 million and is to be spread over three years.

At the Annual General Meeting (AGM) the directors of Sibanye were authorised to issue and allot all or any of such shares required for the plans, but in aggregate all plans may not exceed 70,619,126 of the total issued ordinary shares capital of the Company. An individual participant may also not be awarded an aggregate of shares from all or any such plans exceeding 7,061,913 (1%) of the Company's total issued ordinary share capital. The unexercised options and shares under all plans represented 24,479,286 (2.7%) of the total issued ordinary share capital of Sibanye at 31 December 2014.

(b) Sibanye Gold Limited Phantom Share Scheme

On 14 May 2013 Sibanye's Remuneration Committee limited the issuance of share options for the 2013 allocation under the SGL Share Plan to senior management only. Middle and certain senior management, who previously participated in the equity-settled share option scheme, now participate in a cash-settled share scheme, the Sibanye Gold 2013 Phantom Share Scheme (the SGL Phantom Scheme). Notwithstanding that the SGL Phantom Scheme is not subject to compliance with the JSE Listings Requirements as it is a purely cash-settled remuneration scheme, the SGL Share Plan rules apply, in all material aspects, to the SGL Phantom Scheme, other than the issue of new shares to participants.

Details of the phantom shares granted under this scheme to employees are detailed below:

Performance shares (PS)				Bonus Shares (BS)		
2012	2013	2014	Number of instruments	2014	2013	2012
–	–	**16,429,766**	Outstanding at beginning of the year	**6,529,404**	–	–
			Movement during the year:			
–	17,539,440	**7,119,727**	Granted during the year	**3,604,577**	7,002,146	–
–	(55,393)	**(125,932)**	Vested and paid	**(8,076,789)**	(68,007)	–
–	(1,054,281)	**(1,210,934)**	Forfeited	**(325,930)**	(404,735)	–
–	16,429,766	**22,212,627**	**Outstanding at end of the year**	**1,731,262**	6,529,404	–

The grant date fair value of the above PS and BS cash-settled instruments granted during the year were valued using the Monte Carlo Simulation model and a future trading model, respectively, as with the equity settled instruments above. As the cash and equity instruments are issued on the same day the grant date fair value assumptions of the cash-settled instruments is the same as for the equity-settled instruments as tabled in (a).

The fair value of the cash-settled instruments at reporting date, used to value the share-based payment obligation, is determined using the same assumptions as for the grant date valuation. However, the respective models take into account the actual share data of the peer group for the period from the grant date to the reporting date.

The compensation cost related to awards not yet recognised under the scheme at 31 December 2014 amounts to R298.0 million and is to be spread over 26 months.

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

Reconciliation of the Share-based payment obligation:

Figures in million – SA rand	2014	2013	2012
Balance at beginning of the year	**121.4**	–	–
Share-based payments expensed	**242.1**	92.5	–
Fair value adjustment of obligation [1]	**202.3**	32.8	–
Payments made [2]	**(166.6)**	(3.9)	–
Balance at end of the year	**399.2**	121.4	–
Reconciliation of the non-current and current portion of the share-based payments obligation:			
Share-based payment obligations	**378.4**	76.2	–
Current portion of share-based payment obligations	**20.8**	45.2	–
Total share-based payments obligation	**399.2**	121.4	–

[1] The fair value adjustment at reporting date is included in (loss)/gain on financial instruments in the income statement and not as part of share-based payment expense.

[2] Payments made during the year relates to the proportionate vesting of shares to employees that have left the Group in good faith. BS options under the SGL Share Plan are issued on grant date and thus get paid dividends when the Company declares a dividend. Similarly the BS holders under the SGL Phantom Scheme received share-based payments to the equivalent of dividends paid, which were also paid during the year.

(c) Gold Fields Limited 2012 Share Plan

At the Gold Fields annual general meeting on 14 May 2012 Gold Fields shareholders approved the adoption of the Gold Fields Limited 2012 Share Plan (the 2012 Plan) to replace the Gold Fields Limited 2005 Share Plan. The 2012 Plan provided for two methods of participation, namely the PS Method and the BS Method. This plan sought to attract, retain, motivate and reward participating employees on a basis which aims to align the interests of such employees with those of the Gold Fields share owners.

As a result of the unbundling all unvested options on the date of the unbundling were converted to instruments under the SGL Share Plan as described in (a). Sibanye employees had to exercise all options that vested proportionately up to the date of unbundling.

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

Performance shares (PS)				Bonus Shares (BS)		
2012	2013	2014	Number of instruments	2014	2013	2012
–	1,537,383	**–**	Outstanding at beginning of the year	**–**	256,451	–
			Movement during the year:			
1,638,684	312,546	**–**	Granted during the year	**–**	–	489,748
–	(496,303)	**–**	Exercised and released	**–**	(137,265)	(216,715)
(73,889)	–	**–**	Forfeited	**–**	–	(16,582)
(27,412)	(77,386)	**–**	Transferred within the Gold Fields group	**–**	(31,337)	–
–	(1,276,240)	**–**	Converted to Sibanye options	**–**	(87,849)	–
1,537,383	–	**–**	**Outstanding at end of the year**	**–**	–	256,451

The shares that were granted during 2013 were as a result of the unbundling and took into account the current share prices and vesting percentage at the date of unbundling. The valuation was not done according to the Monte Carlo Simulation as in 2012 for options granted in the ordinary course of business.

The fair value of the above PS equity instruments granted during the year ended 31 December 2012 were valued using the Monte Carlo Simulation model. For the BS equity instruments a future trading model was used to estimate the loss in value to the holders of BS due to trading restrictions. The actual valuation was developed using a Monte Carlo analysis of the future share price of Gold Fields at that time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

7. SHARE-BASED PAYMENTS (continued)

The inputs to the models for options granted during the year were as follows:

Performance shares (PS)			MONTE CARLO SIMULATION	Bonus Shares (BS)		
2012	**2013**	**2014**		**2014**	**2013**	**2012**
36.4%	–	–	• weighted average historical volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option)	–	–	29.4%
3.0	–	–	• expected term (years)	–	–	n/a
n/a	–	–	• expected term (months)	–	–	9 – 18
1.6%	–	–	• historical dividend yield	–	–	2.7%
0.7%	–	–	• weighted average three-year risk-free interest rate (based on US interest rates)	–	–	n/a
n/a	–	–	• weighted average three-year risk-free interest rate (based on SA interest rates)	–	–	5.5%
n/a	–	–	• marketability discount	–	–	1.5%
162.31	–	–	• weighted average fair value	–	–	115.74

(d) Gold Fields Limited 2005 Share Plan

At the Gold Fields annual general meeting on 17 November 2005 shareholders approved the adoption of the Gold Fields Limited 2005 Share Plan (the 2005 Plan) to replace the GF Management Incentive Scheme approved in 1999. The 2005 plan provided for two methods of participation, namely the Performance Allocated Share Appreciation Rights (SARS) Method and the Performance Vesting Restricted Share (PVRS) Method. This plan sought to attract, retain, motivate and reward participating employees on a basis which aimed to align the interests of such employees with those of the Gold Fields share owners. No further allocations of options under this plan were made due to the introduction of the 2012 Plan.

As a result of the unbundling all unvested options on the date of the unbundling were converted to instruments under the SGL Share Plan as described in (a). Sibanye employees had to exercise all options that vested proportionately up to the date of unbundling.

The following information details the options granted under this scheme to Sibanye employees:

31 December 2012				31 December 2013		
Number of instruments		**Average instrument**		**Number of instruments**		**Average instrument**
PVRS	**SARS**	**price (rps)**		**PVRS**	**SARS**	**price (rps)**
3,290,075	**1,211,778**	**107.79**	**Outstanding at the beginning of the year**	**2,230,586**	**921,506**	**106.82**
			Movement during the year:			
–	–	–	Granted during the year	466,253	171,643	106.82
(829,266)	(70,119)	105.98	Exercised and released	(2,153,455)	(484,908)	106.82
(213,581)	(131,068)	116.62	Forfeited			
(16,642)	(89,085)	106.21	Transferred within the Gold Fields group	(2,605)	(4,077)	106.82
–	–	–	Converted to Sibanye options	(540,779)	(604,164)	106.82
2,230,586	**921,506**	**106.82**	**Outstanding at end of the year**	**–**	**–**	**–**

8. OTHER INCOME

Accounting policy
Revenue from services is recognised over the period the services are rendered and is accrued in the consolidated financial statements.

The service entities that form part of Corporate in the segment report (refer to note 2) mainly provide services to the mines. These service costs to the mines are included in the cost of sales of the Group.

Some of the service entities provide services to related parties or third parties and are classified as other income. These services can be categorised as below:

Figures in million – SA rand	2014	2013	2012
Administration services [1]	**23.4**	33.2	69.6
Security services [2]	**41.2**	34.2	29.0
Training services [3]	**40.5**	30.0	27.0
Medical services [4]	**50.8**	121.9	121.6
Total service revenue [5]	**155.9**	219.3	247.2

[1] Shared Services provides administration services to the Group, certain members of the public and historically to certain entities of the Gold Fields group (refer to note 44 for further details of these related party transactions). Shared Services acts as a service provider on behalf of the companies of the Group in facilitating the acquisition of consumables, paying creditors, collecting debtors and payroll payments. All cost paid on behalf of a group company are immediately recovered from the applicable entity with an administration fee.

[2] Sibanye Gold Protection Services Proprietary Limited provides security services to the Group, certain members of the public and historically to certain entities of the Gold Fields group (refer to note 44 for further details of these related party transactions).

[3] Sibanye Gold Academy Proprietary Limited provides training services to the Group, certain members of the public and historically to certain entities of the Gold Fields group (refer to note 44 for further details of these related party transactions).

[4] St Helena Hospital Proprietary Limited (FS Hospital) and M Janse van Rensburg Proprietary Limited (Pharmacies) and Leslie Williams Private Hospital (WW Hospital), a division of Sibanye, provides health services to the Group, certain members of the public and historically to certain entities of the Gold Fields group (refer to note 44 for further details of these related party transactions). The Pharmacies provide medical supplies to the FS hospital, WW Hospital and the general public.

[5] The cost of sales related to the services revenue is included in other costs as disclosed in the income statement.

9. IMPAIRMENTS

Figures in million – SA rand	2014	2013	2012
Impairment of property, plant and equipment [1]	**(155.5)**	(821.0)	–
Impairment of investment in equity accounted investee [2]	**(119.6)**	–	–
Total impairment	**(275.1)**	(821.0)	–

[1] Refer to note 13 for details relating to the impairment of the Python Plant at Kloof.
[2] Refer to note 19 for details relating to the impairment of the investment in Rand Refinery.

10. ROYALTIES, AND MINING AND INCOME TAXATION

Significant accounting judgements and estimates
The Group is subject to income taxes in South Africa. Significant judgement is required in determining the liability for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

The mining operations are taxed on a variable rate that increases as the profitability of the operation increases. The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when the temporary differences will reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year. Calculating the future profitability of the operations is inherently uncertain and could materially change over time.

Additionally, future changes in tax laws in South Africa could limit the ability of the Group to obtain tax deductions in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

10. ROYALTIES, AND MINING AND INCOME TAXATION (continued)

Accounting policy

Income taxation comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is measured on taxable income at the applicable statutory rate enacted or substantively enacted at the reporting date.

Deferred taxation is provided on temporary differences existing at each reporting date between the tax values of assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred taxation.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

These temporary differences are expected to result in taxable or deductible amounts in determining taxable profits for future periods when the carrying amount of the asset is recovered or the liability is settled. The principal temporary differences arise from depreciation of property, plant and equipment, provisions, unutilised capital allowances and tax losses carried forward.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets relating to the carry forward of unutilised tax losses and/or unutilised capital allowances are recognised to the extent it is probable that future taxable profit will be available against which the unutilised tax losses and/or unutilised capital allowances can be recovered. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

No provision is made for any potential taxation liability on the distribution of retained earnings by Group companies.

10.1 ROYALTIES

The Mineral and Petroleum Resource Royalty Act 2008 (Royalty Act) imposes a royalty on refined (mineral resources that have undergone a comprehensive level of beneficiation such as smelting and refining as defined in Schedule 1 of the Royalty Act) and unrefined (mineral resources that have undergone limited beneficiation as defined in Schedule 2 of the Royalty Act) minerals payable to the State. The royalty in respect of refined minerals (which include gold refined to 99.5% and above and platinum) is calculated by dividing earnings before interest and taxes (EBIT) by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of 5% of mining revenue has been introduced on refined minerals. The effective rate of royalty tax payable for the year ended 31 December 2014 was approximately 2.0% of mining revenue (2013: 2.1% and 2012: 1.7%).

Figures in million – SA rand	2014	2013	2012
Current year charge	**(430.5)**	(414.6)	(282.1)
Total royalties	**(430.5)**	(414.6)	(282.1)

10.2 MINING AND INCOME TAXATION

The components of mining and income taxation are the following:

Figures in million – SA rand	2014	2013	2012
Mining tax	**(847.9)**	(771.0)	(428.3)
Non-mining tax	**(24.8)**	(27.7)	(8.1)
Company and capital gain tax	**(6.5)**	(12.7)	(22.8)
Prior year adjustment current tax	**–**	1.6	(15.6)
Total current taxation	**(879.2)**	(809.8)	(474.8)
Deferred tax	**51.1**	553.6	839.8
Total mining and income tax	**(828.1)**	(256.2)	365.0

Reconciliation of the Group's income tax to the maximum South African statutory mining tax rate of 34.0% (2013: 34% and 2012: 34%):

Figures in million – SA rand	2014	2013	2012
South African statutory tax rates			
Mining tax [1]	**Y=34-170/X**	Y=34-170/X	Y=34-170/X
Non-mining tax [2]	**28.0%**	28.0%	35.0%
Company tax rate	**28.0%**	28.0%	28.0%
Tax on profit before taxation at maximum South African statutory mining tax rate	**(793.9)**	(664.5)	(889.2)
South African mining tax formula rate adjustment	**340.2**	329.6	282.4
Rate adjustment to reflect the company tax rate of 28%	**(10.4)**	(63.7)	16.6
Non-deductible share-based payments	**(59.8)**	(72.6)	(89.6)
Non-taxable share of results of equity-accounted investees	**(160.0)**	17.5	31.7
Non-deductible impairments	**(40.7)**	–	–
Net other non-taxable income and non-deductible expenditure	**(23.0)**	(16.1)	9.6
Assessed losses not recognised	**(80.5)**	–	–
Deferred tax release on reduction of rate [3, 4]	**–**	213.6	1,003.5
Income and mining tax expense	**(828.1)**	(256.2)	365.0

[1] *Mining tax is determined according to a formula which takes into account the profit and revenue attributable to mining operations. Mining taxable income is determined after the deduction of all mining capital expenditure, with the provision that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. Accounting depreciation is ignored for the purpose of calculating mining taxation. In the formula above, Y is the percentage rate of tax payable and X is the ratio of mining profit, after the deduction of redeemable capital expenditure, to mining revenue expressed as a percentage.*

[2] *Non-mining income consists primarily of interest income and guarantee fee received (refer to note 22.1).*

[3] *The change in the estimated long term deferred tax rate during 2013, as a result of applying the mining tax formula as described in footnote 1, at which the temporary differences will reverse amounted to a tax credit of R213.6 million during the year ended 31 December 2013.*

[4] *During the budget speech in February 2012, the minister of finance announced that Secondary Tax on Companies (STC) would be abolished resulting in the abolishment of the STC inclusive mining tax formula. The result was that there is now only one mining tax formula, which resulted in a deferred tax credit of R1 003.5 million during the year ended 31 December 2012.*

11. EARNINGS PER SHARE

Accounting policy

Earnings per share (EPS) is calculated based on the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period. A diluted earnings per share is presented when the inclusion of ordinary shares that may be issued in the future has a dilutive effect on earnings per share.

11.1 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Weighted average number of shares	2014	2013	2012
Ordinary shares in issue ('000)	**898,840**	735,079	1
Adjustment for weighting of ordinary shares in issue ('000)	**(62,904)**	(84,458)	–
Weighted average number of shares ('000)	**835,936**	650,621	1
Profit attributable to owners of Sibanye (million)	**1,551.5**	1,692.4	2,979.6
Basic earnings per share – cents	**186**	260	297,960,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

11. EARNINGS PER SHARE (continued)

11.2 DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the diluted weighted average number of ordinary shares in issue during the year.

Dilutive shares are the number of potentially dilutive ordinary shares that could be issued as a result of share options granted to employees under the share option schemes referred to in note 7.

Weighted average number of shares	2014	2013	2012
Weighted average number of shares ('000)	835,936	650,621	1
Potential ordinary shares ('000)	18,791	13,667	–
Diluted weighted average number of shares ('000)	**854,727**	664,288	1
Diluted basic earnings per share – cents	**182**	255	297,960,000

11.3 HEADLINE EARNINGS PER SHARE

Headline earnings per share is calculated by dividing the headline earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Reconciliation of profit attributable to owners of Sibanye to headline earnings:

Figures in million – SA rand	Net of tax	Gross
31 December 2014		
Profit attributable to owners of Sibanye	1,551.5	
Profit on disposal of property, plant and equipment	(6.8)	(9.5)
Impairment	233.1	275.1
Reversal of impairment	(360.3)	(474.1)
Headline earnings	**1,417.5**	
Headline EPS – cents	**170**	
31 December 2013		
Profit attributable to owners of Sibanye	1,692.4	
Profit on disposal of property, plant and equipment	(3.9)	(5.5)
Impairment	591.1	821.0
Loss on loss of control of subsidiary	30.2	30.2
Headline earnings	**2,309.8**	
Headline EPS – cents	**355**	

Reconciliation of profit attributable to owners of Sibanye to headline earnings:

Figures in million – SA rand	Net of tax	Gross
31 December 2012		
Reconciliation of profit attributable to owners of Sibanye to headline earnings:		
Profit attributable to owners of Sibanye	2,979.6	
Profit on disposal of property, plant and equipment	(1.7)	(2.4)
Headline earnings	**2,977.9**	
Headline EPS – cents	**297,790,000**	

11.4 DILUTED HEADLINE EARNINGS PER SHARE

Diluted headline earnings per share is calculated by dividing the headline earnings attributable to ordinary shareholders by the diluted weighted average number of ordinary shares in issue during the year.

	2014	2013	2012
Diluted headline EPS – cents	**166**	348	297,790,000

12. DIVIDENDS

Accounting policy
Dividends are recognised only when such dividends are declared.

Cash flows from dividends paid are classified under operating activities in the statement of cash flows.

On 19 February 2015 a final dividend in respect of the financial period ended 31 December 2014 of 62 cents per share was approved by the Board and payable on 23 March 2015. This dividend is not reflected in these financial statements. The final dividend will be subject to Dividend Withholding Tax.

Figures in million – SA rand	2014	2013	2012
Pre-unbundling dividend paid to Sibanye's then only shareholder, Gold Fields	–	–	731.3
Dividend declared and paid	**1,005.2**	271.9	–
Dividend per share – cents	**125**	37	73,130,000

The dividend declared and paid relates to the final dividend of 75 SA cents per share or R555.2 million in respect of the year end 31 December 2013 declared 19 February 2014, and the interim dividend of 50 SA cents per share or R448.8 million in respect of the six months ended 30 June 2014 declared on 30 August 2014.

13. PROPERTY, PLANT AND EQUIPMENT

Significant accounting judgements and estimates
Carrying value of property, plant and equipment
All mining assets are amortised using the units-of-production method where the mine operating plan calls for production from proved and probable Mineral Reserves.

Mobile and other equipment are depreciated over the shorter of the estimated useful life of the asset or the estimate of mine life based on proved and probable Mineral Reserves.

The calculation of the units-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable Mineral Reserves. This would generally result from the extent that there are significant changes in any of the factors or assumptions used in estimating Mineral Reserves.

These factors could include:

- Changes in proved and probable Mineral Reserves;
- Differences between actual commodity prices and commodity price assumptions;
- Unforeseen operational issues at mine sites;
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- Changes in Mineral Reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the gold price assumption may change which may then impact the Group estimated life of mine determinant and may then require a material adjustment to the carrying value of property, plant and equipment.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable by comparing expected future cash flows to these carrying values. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows of each group of assets. Expected future cash flows used to determine the value in use and fair value less costs to sell of property, plant and equipment are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

Mineral Reserves estimates
Mineral Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate the Reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and grade of the Mineral Reserves requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group is required to determine and report, *inter alia,* on the Mineral Reserves in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Estimates of Mineral Reserves may change from period to period due to the change in economic assumptions used to estimate Mineral Reserves and due to additional geological data becoming available during the course of operations. Changes in reported proven and probable Reserves may affect the Group's financial results and position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated cash flows;
- Depreciation and amortisation charges to the income statement may change as these are calculated on the units-of production method, or where the useful lives of assets change;
- Decommissioning site restoration and environmental provisions may change where changes in ore Reserves affect expectations about the timing or cost of these activities; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Pre-production
The Group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production stage. Some of the criteria would include, but are not limited to the following:

- the level of capital expenditure compared to the construction cost estimates;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain commercial levels of production of metal.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are expensed, except for capitalisable costs related to mining asset additions or improvements, underground mine development or ore reserve development.

Accounting policy

Mineral and surface rights
Mineral and surface rights are recorded at cost less accumulated amortisation and accumulated impairment losses. When there is little likelihood of a mineral right being exploited, or the carrying amount has exceeded its recoverable amount, impairment is recognised in the income statement in the year that such determination is made.

Mine development and infrastructure

Mining assets, including mine development and infrastructure costs and mine plant facilities, are recorded at cost less accumulated depreciation and accumulated impairment losses.

These costs which include the purchase price of assets used in the construction of the mine, expenditure incurred to evaluate and develop new ore bodies, to define mineralisation in existing ore bodies and to establish or expand productive capacity, are capitalised until commercial levels of production are achieved, at which times the costs are amortised as set out below.

Development of ore bodies includes the development of shaft systems and waste rock removal that allows access to reserves that are economically recoverable in the future. Subsequent to this, costs are capitalised if the criteria for recognition as an asset are met. Access to individual orebodies exploited by the Group is limited to the time span of the respective mining leases.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of assets requiring a substantial period of time to prepare for their intended future use are capitalised to the date that the assets are substantially completed.

Land
Land is shown at cost and is not depreciated.

Other assets
Non-mining assets are recorded at cost less accumulated depreciation and accumulated impairment losses. These assets include the assets of the mining operations not included in mine development and infrastructure, borrowing costs, mineral and surface rights, land and all the assets of the non-mining operations.

Amortisation and depreciation of mining assets
Amortisation and depreciation is determined to give a fair and systematic charge in the income statement taking into account the nature of a particular ore body and the method of mining that ore body. To achieve this, the following calculation methods are used:

- Mining assets, including mine development and infrastructure costs, mine plant facilities and evaluation costs, are amortised over the life of the mine using the units-of-production method, based on estimated proved and probable Mineral Reserves above infrastructure.
- Proved and probable Mineral Reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in future from known mineral deposits.
- Certain mining plant and equipment included in mine development and infrastructure is depreciated on a straight-line basis over their estimated useful lives.

Accounting policy (continued)

Depreciation of non-mining assets

Non-mining assets are recorded at cost and depreciated on a straight-line basis over their current expected useful lives to their residual values as follows:

- Vehicles 20%
- Computers 33.3%
- Furniture and equipment 10%

The assets' useful lives, depreciation methods and residual values are reassessed at each reporting date and adjusted if appropriate.

Impairment

Recoverability of the carrying values of long-term assets or cash-generating units (CGU) of the Group are reviewed whenever events or changes in circumstances indicate that such carrying value may not be recoverable. To determine whether a long-term asset or CGU may be impaired, the higher of value in use (defined as: the present value of future cash flows expected to be derived from an asset or CGU) or fair value less costs to sell (defined as: the price that would be received to sell an asset in an orderly transaction between market participants at the measured rate, less the costs of disposal) is compared to the carrying value of the asset/unit.

A CGU is defined by the Group as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Generally for the Group this represents an individual operating mine, including mines which are part of a larger mine complex. The costs attributable to individual shafts of a mine are impaired if the shaft is closed.

Impairment losses are recognised in profit and loss. Impairment recognised in respect of a CGU is allocated to the individual assets in the CGU.

When any infrastructure is closed down or placed on care and maintenance during the year, any carrying value attributable to that infrastructure is impaired. Expenditure incurred on care and maintenance is recognised in profit and loss.

When the review of the events or changes in circumstances of an asset or CGU that was previously impaired indicate that such historical carrying value is recoverable, the impairment is reversed. The impairment is only reversed to such an amount that the new carrying amount does not exceed the historical carrying amount. Reversal of impairment losses are recognised in profit and loss. Reversal of impairment recognised in respect of a CGU is allocated to the individual assets in the CGU.

Gain or loss on disposal

Any gain or loss on disposal on an item of property plant and equipment (calculated as the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

Mining exploration

Expenditure on advances to companies solely for exploration activities, prior to evaluation, is charged against income until the viability of the mining venture has been proven. Expenditure incurred on exploration farm-in projects is written off until an ownership interest has vested. Exploration expenditure to define mineralisation at existing ore bodies is considered mine development costs and is capitalised until commercial levels of production are achieved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Figures in million – SA rand	Total	Mine development, infrastructure and other	Land, mineral rights and rehabilitation
31 December 2014			
Cost			
Balance at beginning of the year	43,970.8	42,606.8	1,364.0
Additions	3,250.8	3,249.7	1.1
Change in estimates of rehabilitation assets	131.5	–	131.5
Disposals	(68.1)	(66.1)	(2.0)
Assets acquired on acquisition of subsidiaries (refer to note 14, 15 and 16)	7,119.9	3,110.0	4,009.9
Balance at end of the year	54,404.9	48,900.4	5,504.5
Accumulated depreciation and impairment losses			
Balance at beginning of the year	28,819.8	27,942.0	877.8
Amortisation and depreciation	3,254.7	3,054.0	200.7
Impairment	155.5	155.5	–
Reversal of impairment	(474.1)	(448.1)	(26.0)
Disposals	(55.0)	(53.2)	(1.8)
Balance at end of the year	31,700.9	30,650.2	1,050.7
Carrying value at end of the year	22,704.0	18,320.0	4,384.0

Impairment
The Python processing plant was decommissioned in July 2014 due to process design flaws. As a result a decision was taken to impair the entire carrying value of the Python plant by R155.5 million.

Reversal of impairment at Beatrix West
During the six months ended 30 June 2013 the mining assets of Beatrix West Section was impaired by R821.0 million due to a fire during February 2013 which affected approximately 38% of the planned production area, impacting on the commercial viability of the Beatrix West Section. In addition management entered into a section 189 consultation with affected stakeholders, agreeing that ore reserve development would largely be suspended and that the remaining ore reserves would be mined to completion.

Due to the positive results of the restructured Beatrix West Section it returned to profitability and as a result a decision was taken to reverse the impairment recorded during the six months ended 30 June 2013. This resulted in a R474.1 million reversal of impairment to the historical carrying value less depreciation subsequent to 30 June 2013.

The reversal was based on the estimated fair value less cost to sell over the life of mine. The fair value was calculated based on expected discounted cash flows from the expected gold reserves and costs to extract the gold.

Security
Refer to note 30(a) for further details relating to assets pledged as security under the R4.5 billion Facilities. The Burnstone Debt is fully secured against the assets of Burnstone and there is no recourse to the Sibanye Group.

Figures in million – SA rand	Total	Mine development, infrastructure and other	Land, mineral rights and rehabilitation
31 December 2013			
Cost			
Balance at beginning of the year	**41,362.3**	39,837.7	1,524.6
Additions	**2,901.5**	2,901.5	–
Change in estimates of rehabilitation assets	**(160.6)**	–	(160.6)
Disposals	**(15.2)**	(15.2)	–
Loss of control of subsidiary	**(117.2)**	(117.2)	–
Balance at end of the year	**43,970.8**	**42,606.8**	**1,364.0**
Accumulated depreciation and impairment losses			
Balance at beginning of the year	**24,986.2**	24,238.0	748.2
Amortisation and depreciation	**3,103.9**	3,018.7	85.2
Impairment	**821.0**	776.6	44.4
Disposals	**(13.8)**	(13.8)	–
Loss of control of subsidiary	**(77.5)**	(77.5)	–
Balance at end of the year	**28,819.8**	**27,942.0**	**877.8**
Carrying value at end of the year	**15,151.0**	**14,664.8**	**486.2**

Impairment

An underground fire during February 2013 at Beatrix West section affected approximately 38% of the planned production area, impacting on the commercial viability of the Beatrix West Section. As a result a decision was taken during the six months ended 30 June 2013 to impair Beatrix West section's mining assets by R821.0 million. This impairment was based on cash flow projections for the remainder of the life of mine.

Management's decision to impair all of the assets of Beatrix West Section, excluding plant, was taken based on the fact that negative cash flows were projected using an average gold price of R425 000/kg.

Figures in million – SA rand	Total	Mine development, infrastructure and other	Land, mineral rights and rehabilitation
31 December 2012			
Cost			
Balance at beginning of the year	**37,988.0**	36,727.7	1,260.3
Additions	**3,106.9**	3,106.9	–
Change in estimates of rehabilitation assets	**264.3**	–	264.3
Disposals	**(8.6)**	(8.6)	–
Other	**11.7**	11.7	–
Balance at end of the year	**41,362.3**	**39,837.7**	**1,524.6**
Accumulated depreciation and impairment losses			
Balance at beginning of the year	**22,629.2**	21,914.6	714.6
Amortisation and depreciation	**2,362.8**	2,329.2	33.6
Disposals	**(5.8)**	(5.8)	–
Balance at end of the year	**24,986.2**	**24,238.0**	**748.2**
Carrying value at end of the year	**16,376.1**	**15,599.7**	**776.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

14. COOKE ACQUISITION

Accounting policy

Business combinations

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent changes in equity, plus or minus changes in the portion interest of the equity of the subsidiary not attributable, directly or indirectly, to Sibanye shareholders

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit and loss.

On 15 May 2014 all conditions precedent to the acquisition of Gold One's 76% shareholding in, and the Gold One Group claims against, Newshelf 1114 were fulfilled. Newshelf 1114 holds a 100% shareholding in Rand Uranium and Ezulwini, the activities of these companies include the Cooke Operations.

On completion of the Newshelf 1114 black economic empowerment (BEE) structure, Sibanye will have a 74% interest in Newshelf 1114. The current balance of 24% not owned by Sibanye forms part of the Newshelf 1114 BEE structure. Non-controlling interest takes into account any portion of the equity of Newshelf 1114 which is indirectly attributable to the shareholders of Sibanye as a result of funding provided by Sibanye, which currently constitutes an original 24% transaction with The Rand Uranium Partnership (a partnership en commandite). The negotiated Newshelf 1114 BEE structure will also include an additional 2% to be issued to an Employees Trust Fund of which the financing mechanism is still being finalised. Once finalised Sibanye will issue the 26 shares at R2 million per share as agreed with all stakeholders.

As consideration for the acquisition of the Cooke Operations, Sibanye issued 156,894,754 new Sibanye ordinary shares at R28.61, representing 17% of Sibanye's issued share capital, on a fully diluted basis to Gold One.

The acquisition is forecast to be earnings accretive, will increase Sibanye's annual gold production, and enhance existing operational flexibility, by leveraging Sibanye's existing assets in the West Wits region. The transaction will also facilitate the optimal development of the West Rand Tailings Retreatment Project (WRTRP), enhancing the return on investment from Sibanye's surface processing facilities and reducing a future environmental liability.

For the seven months ended 31 December 2014, Cooke contributed revenue of R1,882.0 million and a loss of R187.8 million to the Group's results.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

Figures in million – SA rand	
Equity instruments (156,894,754 ordinary shares)	4,488.8
Loans advanced pre-acquisition	161.2
Total consideration transferred	**4,650.0**

Acquisition related costs

The Group incurred acquisition related costs of R81.5 million on advisory and legal fees. These costs are recognised as transaction costs in profit and loss.

Identified assets acquired and liabilities assumed
The following table summarises the fair value of assets acquired and liabilities assumed at the acquisition date:

Figures in million – SA rand	
Property, plant and equipment	5,556.4
Environmental rehabilitation obligation funds	341.7
Inventories	77.6
Trade and other receivables	156.8
Cash and cash equivalents	31.8
Deferred taxation	(169.2)
Borrowings	(696.2)
Environmental rehabilitation obligation	(501.8)
Trade and other payables	(486.2)
Taxation and royalties payable	(1.4)
Total identifiable net assets acquired	**4,309.5**

The fair value of assets and liabilities excluding property plant and equipment approximate their carrying value. The fair value of property, plant and equipment was based on the expected discounted cash flows of the expected gold reserves and costs to extract the gold discounted at a nominal discount rate of 12.2% and a gold price of R440,000/kg.

Goodwill
Goodwill arising from the acquisition has been recognised as follows:

Figures in million – SA rand	
Consideration transferred	4,650.0
Fair value of identifiable net assets	(4,309.5)
Non-controlling interest in their proportionate interest in the recognised amounts of the assets and liabilities of Cooke [1]	396.2
Goodwill	**736.7**

[1] The amount recognised as non-controlling interest represents the BEE consortium's proportionate share of the net assets at acquisition date of Newshelf 1114 after considering the loan amount due and payable to Sibanye.

Refer to note 17 on the allocation and impairment testing of goodwill.

15. WITWATERSRAND CONSOLIDATED GOLD RESOURCES LIMITED ACQUISITION

Sibanye announced on 11 December 2013 that it had offered to acquire the entire issued share capital of Wits Gold for a cash consideration of R11.55 per Wits Gold share. The transaction was subject to the fulfilment of various conditions precedent which were completed on 14 April 2014.

Sibanye was required to deposit the full Scheme Consideration into an escrow account to comply with regulations 111(4) and 111(5) of the Companies Act Regulations, 2011. As at 31 December 2013, R410.0 million was held in the escrow account and formed part of the Group's cash and cash equivalents balance as reported at 31 December 2013.

On 13 March 2014, at the Wits Gold shareholders meeting, the shareholders of Wits Gold approved the proposed transaction by voting in favour of the various resolutions to give effect to the transaction.

On 14 April 2014, Sibanye paid R400.5 million to the Wits Gold shareholders and obtained control (100%) of Wits Gold. Wits Gold is not a business as defined in IFRS and thus the acquisition is considered to be outside the scope of IFRS 3 Business Combinations.
The acquisition was accounted for as an asset acquisition in which the consideration paid for the acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Transaction related expenses of R14.8 million have been capitalised.

During the eight months ended 31 December 2014 Wits Gold contributed a loss of R30.0 million. The majority of the loss consisted of the Burnstone gold mine (Burnstone) acquisition related costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

15. WITWATERSRAND CONSOLIDATED GOLD RESOURCES LIMITED ACQUISITION (continued)

The consideration paid and the assets acquired and liabilities assumed at the acquisition date are as follows:

Figures in million – SA rand	
Cash	415.3
Total consideration paid	**415.3**
Property, plant and equipment	472.7
Trade and other receivables	1.7
Cash and cash equivalents	5.6
Borrowings	(40.0)
Trade and other payables	(24.7)
Total identifiable net assets acquired	**415.3**

16. BURNSTONE ACQUISITION

Accounting policy
Business combinations
Refer to the accounting policy in note 14.

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

All the outstanding conditions precedent were met on 1 July 2014, and Sibanye, through its subsidiary Wits Gold, took control (100%) of Burnstone from this date, also the date on which SGEO came out of business rescue. Sibanye acquired all of the issued shares of SGEO together with all shareholder and inter-group loans against SGEO for a purchase consideration of R100.00. Wits Gold was required to fund R77.4 million for the settlement of all outstanding creditors of SGEO.

In addition Wits Gold has to fund up to R950 million by means of a loan (Wits Gold Loan), over time, as working capital to support the production plan. The Wits Gold Loan will attract interest at the Johannesburg Interbank Agreed Rate (JIBAR) plus a margin of 4% from 1 July 2017.

The PPA has been prepared on a provisional basis in accordance with IFRS 3 pending the finalisation of SGEO's assets acquired and liabilities assumed post the business rescue process.

If new information, obtained within one year of the acquisition date, about facts and circumstances that existed at the acquisition date identifies adjustments to the below amounts, or any additional provisions that existed at acquisition date, then the accounting for the acquisition will be revised.

Consideration transferred
The following table summarises the acquisition date fair value of each major class of consideration transferred:

Figures in million – SA rand	
Cash	–
Loans advanced pre-acquisition	77.4
Total consideration transferred	**77.4**

Acquisition related costs
The Group incurred acquisition related costs of R29.7 million on advisory and legal fees. These costs are recognised as transaction costs in profit and loss.

Identified assets acquired and liabilities assumed

The following table summarises the fair value of assets acquired and liabilities assumed at the acquisition date:

Figures in million – SA rand	
Property, plant and equipment	1,089.7
Environmental rehabilitation obligation funds	32.4
Inventories	0.4
Trade and other receivables	27.2
Cash and cash equivalents	0.7
Borrowings	(1,007.6)
Environmental rehabilitation obligation	(42.2)
Trade and other payables	(23.2)
Total identifiable net assets acquired	**77.4**

The fair value of assets and liabilities excluding property plant and equipment approximate their carrying value. The fair value of property, plant and equipment was based on the expected discounted cash flows of the expected gold reserves and costs to extract the gold discounted at a nominal discount rate of 17.5% and a gold price of R440,000/kg.

Borrowings

Refer to note 30(c) for further details relating to the Burnstone Debt.

17. GOODWILL

Significant accounting judgments and estimates

Goodwill is tested for impairment on an annual basis. Expected future cash flows used to determine the recoverable amount of property, plant and equipment and goodwill are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the expected commodity price, foreign currency exchange rates, estimates of production costs, future capital expenditure and discount rates.

An individual operating mine does not have an indefinite life because of the finite life of its reserves. The allocation of goodwill to an individual mine will result in an eventual goodwill impairment due to the wasting nature of the mine.

Accounting policy

Goodwill is stated at cost less accumulated impairment losses. In accordance with the provisions of IAS 36 Impairment of Assets, the Group performs its annual impairment review of goodwill at each financial year end or whenever there are impairment indicators to establish whether there is any indication of impairment to goodwill. A write-down is made if the carrying amount exceeds the recoverable amount. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Figures in million – SA rand	2014	2013	2012
Balance at the beginning of the year	–	–	–
Goodwill on acquisition of Cooke (refer to note 14)	736.7	–	–
Balance at end of the year	**736.7**	–	–

The goodwill arose on the acquisition of Cooke and was attributable to the synergies at the Group’s other operations, the underlying assets of Cooke and WRTRP. The goodwill is allocated to the Beatrix (R103.9 million), Driefontein (R166.9 million), Kloof (R165.5 million), Cooke (R201.3 million) and WRTRP (R99.1 million) CGUs where it is tested for impairment.

In line with the accounting policy, the recoverable amount was determined by reference to “fair value less costs to sell” being the higher of “value in use” and “fair value less cost to sell”, based on the cash flows over the life of the CGUs and discounted to present value at an appropriate discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

17. GOODWILL (continued)

The Group's estimates and assumptions used in the 31 December 2014 calculation include:

- Nominal discount rates between 10.4% and 12.1% for operating mines and 16.7% for WRTRP; and
- The annual life-of-mine plan that takes into account the following:
  - Proved and probable ore reserves of the CGUs;
  - Resources are valued using appropriate price assumptions;
  - Cash flows are based on the life-of-mine of operating mines that range between 9 and 19 and WPTRP in excess of 20 years;
  - Capital expenditure estimates over the life-of-mine plan;
  - Inflation rate of 6%;
  - Gold price of R442,000/kg; and
  - Uranium price of R849/kg for 2015, R1,213/kg for 2016 and R1,576/kg thereafter.

The carrying value of CGUs, including goodwill, in terms of the accounting policies is tested on an annual basis for impairment. There were no other events or changes in circumstances suggest that the carrying amount of a CGU may not be recoverable. There is no goodwill impairment at 31 December 2014.

The recoverable amounts of the Driefontein, Kloof, Beatrix and WRTRP CGUs are significantly higher than their carry values, therefore a reasonably possible adverse change in their assumptions would unlikely result in any impairments The recoverable amount of the Cooke CGU approximates its carrying value due to the fair value recognised on the acquisition of Cooke (refer to note 14), therefore any reasonably possible adverse change in the abovementioned assumptions compared to the fair value assumptions used at acquisition (refer to note 14) could result in impairment.

It is therefore possible that outcomes within the next financial year that are materially different from the assumptions used in the impairment testing process could require an adjustment to the carrying values.

18. LOSS ON LOSS OF CONTROL OF SUBSIDIARY

Accounting policy

Loss of control

When the Group loses its power over the relevant activities of a subsidiary, it derecognises the assets and liabilities of that subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Living Gold was a subsidiary of Sibanye until 31 December 2013. Living Gold's management acquired a 30% interest from Sibanye in 2013 (2012: 10%) and exercised its option to acquire a further 10% during March 2014 to give Living Gold's management a 50% interest in Living Gold. This allows the management of Living Gold to appoint 50% of the directors and manage the entity. Sibanye has assessed that the management of Living Gold controlled the entity in terms of IFRS 10 Consolidated Financial Statements, before the additional 10% was acquired. As a result of the loss of control, Living Gold was de-recognised as a subsidiary during 2013, and accounted for as an equity-accounted investment, refer to note 19.

Figures in million – SA rand	2013
Total assets and liabilities derecognised on loss of control	(37.3)
Derecognition of non-controlling interest on loss of control	2.1
Net asset value attributable to Sibanye derecognised on loss of control	(35.2)
Fair value of investment transferred to equity-accounted investments	5.0
Loss on loss of control of subsidiary	(30.2)

19. EQUITY-ACCOUNTED INVESTMENTS

Significant accounting judgments and estimates

Following the adoption of a new Enterprise Resource Planning (ERP) system in April 2013, Rand Refinery has been unable to reconcile its actual gold inventory against its accounting records. Despite various internal projects undertaken by Rand Refinery and external reviews by experts, the root cause of the imbalance has not yet been identified. The interim conclusion that Rand Refinery's management has reached is that the imbalance is a processing inefficiency. The carrying value of Rand Refinery is an area of estimation and uncertainty, until the root cause of the imbalance is determined. Accordingly it is reasonably possible, on the basis of the knowledge available at the date the annual financial statements were approved for issue, that the outcomes of further initiatives by Rand Refinery's management could require a material adjustment, positive or negative, to the carrying value of the investment in Rand Refinery.

Accounting policy

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

An associate is an investment over which the Group exercises significant influence, but not control. Associates are equity-accounted from the date that significant influence or joint control is obtained to the date that the Group ceases to have significant influence.

Results of associates are equity-accounted using the results of their most recent audited annual financial statements or unaudited management accounts. Any losses from associates are brought to account in the consolidated financial statements until the interest in such associates is written down to zero. The interest includes any long-term interests that in substance, form part of the entity's net investment in the equity-accounted investee, for example long-term receivables for which settlement is neither planned nor likely to occur in the foreseeable future. Thereafter, losses are accounted for only insofar as the Group is committed to providing financial support to such associates.

The carrying value of an equity-accounted investment represents the cost of the investment, including goodwill, the proportionate share of the post-acquisition retained earnings and losses, any other movements in reserves, any impairment losses and loans to or from the equity-accounted investee. The carrying value together with any long-term interests that in substance form part of the net investment in the equity-accounted investee is assessed annually for existence of indicators of impairment and if such exist, the carrying amount is compared to the recoverable amount, being the higher of value in use or fair value less costs to sell. If an impairment in value has occurred, it is recognised in the period in which the impairment arose. Indicators of impairment includes a significant or prolonged decline in the investments fair value below its carrying value.

The Group holds the following equity-accounted investments:

Figures in million – SA rand	2014	2013	2012
Rand Refinery	**55.1**	270.1	218.6
Living Gold	**14.3**	5.0	–
Balance at end of the year	**69.4**	275.1	218.6

Material equity accounted investments

Rand Refinery

Sibanye has a 33.1% interest in Rand Refinery, a company incorporated in the Republic of South Africa, which is involved in the refining of bullion and by-products sourced from, inter alia, South African and foreign gold producing mining companies. The investment has been equity-accounted since 1 July 2002.

The movement for the year is as follows:

Figures in million – SA rand	2014	2013	2012
Balance at the beginning of the year	**270.1**	218.6	125.5
Share of results of equity-accounted investee after taxation [1]	**(480.0)**	51.5	93.1
Impairment	**(119.6)**	–	–
Loan to equity-accounted investee	**384.6**	–	–
Balance at end of the year	**55.1**	270.1	218.6

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

19. EQUITY-ACCOUNTED INVESTMENTS (continued)

In April 2013, Rand Refinery implemented a new ERP system. The customisation of this software was problematic with the result that Rand Refinery was not able to fully reconcile certain accounts at 30 September 2013. More specifically an imbalance was detected between physical gold and silver on hand (physical inventory) and what Rand Refinery owed its depositors and bullion bankers (ownership) per the metallurgical trial balance. The uncertainty around the true inventory position prevented Rand Refinery from finalising its annual financial statements for the year ended 30 September 2013 by the time that Sibanye finalised its financial results for the year ended 31 December 2013. Accordingly, Sibanye's estimated share of results of Rand Refinery for the year ended 31 December 2013 was based on Rand Refinery's unaudited management accounts. At 31 December 2013 any share of the potential adjustment from the unaudited management accounts was limited to the carrying value of the investment of R270.1 million.

Rand Refinery's investigations to determine the root cause of the imbalance continued throughout the 2014 calendar year and are still ongoing.

Based on information available at 30 June 2014, the gold imbalance was estimated at 87,000oz. Based on its detailed discussions and due diligence Sibanye estimated a 50% probability that the gold imbalance was not recoverable. Sibanye's share of this loss adjustment was R196.4 million. This amount was partly offset by Sibanye's R45.9 million share of Rand Refinery's profits for the six month period, resulting in an estimated net loss share of R150.5 million which was recognised in Sibanye's profit and loss for the six months ended 30 June 2014. At 30 June 2014, the continued uncertainty relating to the imbalance and discussions regarding the establishment of an irrevocable subordinated shareholder loan were indicators of impairment. As Sibanye's proportional share of the proposed shareholder loan exceeded the carrying value of the investment at 30 June 2014, the remaining carrying value of the investment in Rand Refinery was fully impaired and accordingly an impairment loss of R119.6 million was recognised.

On 23 July 2014 following discussion with the bullion bankers, AngloGold Ashanti Limited (42.4% shareholding), Sibanye, Harmony (11.3% shareholding) and Gold Fields Operations Limited (GFO) (2.8% shareholding) (together, the Financing Shareholders) collectively agreed to offer financial support to Rand Refinery in the form of an irrevocable subordinated loan of up to R1.2 billion (the Facility). Under the terms of this agreement Rand Refinery could only draw on the Facility when there was confirmation that an actual imbalance exists. Sibanye's proportional share of the Facility amounted to R448.8 million.

On 18 December 2014, Rand Refinery drew down R1.029 billion under the Facility, with Sibanye's proportional share of the Facility being R384.6 million. Any amounts drawn under the Facility are repayable within two years from the first draw down date. If the loan is not repaid within the two years, it will automatically convert into equity in Rand Refinery. Interest under the Facility will be at JIBAR plus a margin of 3.5%. Sibanye has subordinated all claims it might have against Rand Refinery as part of the Facility agreement.

On 19 December 2014, Rand Refinery issued its audited annual financial statements for the years ended 30 September 2013 and 30 September 2014 which indicated a total loss of 71,000oz relating to the imbalance. The financial statements stated that despite various internal projects undertaken and external reviews by experts, the root cause of the imbalance has not yet been identified. The interim conclusion that Rand Refinery's management has reached, is that the imbalance is a processing inefficiency. Further initiatives are being introduced to continue to try to identify the root cause of the imbalance. Based on the latest information available, Sibanye prospectively reduced the carrying value of its investment in Rand Refinery by R329.5 million for the six months ending 31 December 2014.

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

Figures in million – SA rand	2014	2013	2012
Total revenue of Rand Refinery	**377.0**	776.0	907.4
Total comprehensive income of Rand Refinery	**(299.0)**	155.7	281.6
Total assets	**872.0**	1,459.0	1,039.7
Total liabilities	**(1,373.0)**	(511.1)	(247.4)
(Liabilities)/net assets (100.0%)	**(501.0)**	947.9	792.3
Reconciliation of the total investment in associate with attributable net assets:			
Net assets (33.1%)	**(166.2)**	313.8	262.3
Dividend received	**(8.2)**	(8.2)	(8.2)
Fair value adjustment [1]	**(35.5)**	(35.5)	(35.5)
Impairment	**(119.6)**	–	–
Loan to equity-accounted investee	**384.6**	–	–
Total investment in equity-accounted investee	**55.1**	270.1	218.6

[1] *The investment in equity-accounted investee was fair valued at 1 July 2001, the date when significant influence was obtained.*

20. INVESTMENTS

Accounting policy

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

Figures in million – SA rand	2014	2013	2012
Unlisted			
Carrying value and directors' valuation	**1.4**	1.4	1.5
Total investments	**1.4**	1.4	1.5

21. ENVIRONMENTAL REHABILITATION OBLIGATION FUNDS

Significant accounting judgments and estimates

The Group's rehabilitation obligation funds consist of equity-linked investments that are fair valued at each reporting date. The fair value is calculated with reference to underlying equity instruments using industry valuation techniques and appropriate models. While Sibanye's management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the investments.

Accounting policy

Annual contributions are made to dedicated environmental rehabilitation obligation funds to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The amounts contributed to these funds are included under non-current assets and are measured at fair value through profit and loss. Interest earned on monies paid to rehabilitation funds is accrued on a time proportion basis and is recorded as interest income.

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

Figures in million – SA rand	2014	2013	2012
Environmental rehabilitation obligation funds			
Balance at beginning of the year	**1,588.1**	1,331.1	1,236.6
Contributions	**69.3**	172.3	24.3
Interest earned	**98.5**	84.7	70.2
Fair value adjustment [1]	**62.7**	–	–
Assets acquired on acquisition of subsidiaries (refer to note 14 and 16)	**374.2**	–	–
Balance at end of the year	**2,192.8**	1,588.1	1,331.1
Environmental rehabilitation obligation funds comprise of the following:			
Restricted cash [2]	**301.5**	73.5	49.2
Funds	**1,891.3**	1,514.6	1,281.9

[1] The environmental rehabilitation trust fund includes equity-linked investments that are fair valued at each reporting date.
[2] The funds are set aside to serve as collateral against the guarantees made to the Department of Minerals and Resources (DMR) for environmental rehabilitation obligations.

The proceeds from this fund are intended to fund environmental rehabilitation obligations of the group's mines and they are not available for general purposes of the Group. All income from this asset is reinvested or spent to meet these obligations, refer to note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

22. FINANCIAL GUARANTEE

Accounting policy
Financial guarantee contracts are accounted for as financial instruments and are recognised initially at fair value and are subsequently measured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the initial amount recognised less cumulative amortisation.

As of 18 February 2013, the Gold Fields group is no longer guaranteeing any debt of Sibanye, similarly Sibanye has been released from all of its obligations as guarantor under Gold Fields group debt, except, Sibanye remains a joint guarantor of the US$1 billion 4.875% guaranteed notes (the Notes) issued by Gold Fields Orogen Holding (BVI) Limited (Orogen), a subsidiary of Gold Fields, on 30 September 2010 maturing on 7 October 2020. Interest on these notes is due and payable semi-annually on 7 April and 7 October in arrears. The payment of all amounts due in respect of the Notes is unconditionally and irrevocably guaranteed by Gold Fields, Sibanye, Gold Fields Operations Proprietary Limited (GFO) and Gold Fields Holdings Company (BVI) Limited (GF Holdings) (collectively the Guarantors), on a joint and several basis. The Notes and guarantees constitute direct, unsubordinated and unsecured obligations of Orogen and the Guarantors, respectively, and rank equally in right of payment among themselves and with all other existing and future unsubordinated and unsecured obligations of Orogen and the Guarantors, respectively.

An indemnity agreement (the Indemnity Agreement) has been entered into between the Guarantors, pursuant to which the Guarantors (other than Sibanye) hold Sibanye harmless from and against any and all liabilities and expenses which may be incurred by Sibanye under or in connection with the Notes, including any payment obligations by Sibanye to the note holders or the trustee of the Notes pursuant to the guarantee of the Notes, all on the terms and subject to the conditions contained therein. The Indemnity Agreement will remain in place for as long as Sibanye's guarantee obligations under the Notes remain in place.

The Group initially recognised the financial guarantee liability at fair value of the guarantee in connection with the Notes. The liability is amortised over the remaining period of the Notes and should facts and circumstances change on the ability of the Gold Fields group's ability to meet its obligation under the Notes, the liability will be re-valued accordingly.

As of 18 February 2013, the Group raised a receivable under the financial guarantee asset for the future guarantee fee income that Orogen is obliged to pay bi-annually to Sibanye until it has been released as a guarantor under the Notes (Guarantee Fee Agreement).

Sibanye has ceded all of its rights, title and interest in and to the Indemnity Agreement and Guarantee Fee Agreement in favour of the lenders of the R4.5 billion Facilities, jointly and severally, as security for its obligations under the facilities.

22.1 FINANCIAL GUARANTEE ASSET

Figures in million – SA rand	2014	2013	2012
Balance at beginning of the year	**290.2**	–	–
Initial recognition at fair value	**–**	282.3	–
Guarantee fee received	**(53.6)**	(47.0)	–
Interest earned	**15.0**	12.3	–
Foreign exchange gain	**31.0**	42.6	–
Balance at end of the year	**282.6**	290.2	–
Reconciliation of the non-current and current portion of the guarantee asset:			
Financial guarantee asset	**282.6**	290.2	–
Current portion of financial guarantee asset	**(57.1)**	(51.7)	–
Long-term potion of financial guarantee asset	**225.5**	238.5	–

The financial guarantee asset was discounted to a present value at 5.38%, which is a reflection of the interest rate of the Notes adjusted for risk factors.

22.2 FINANCIAL GUARANTEE LIABILITY

Figures in million – SA rand	2014	2013	2012
Balance at beginning of the year	**206.6**	196.4	–
Initial recognition at fair value	**–**	–	210.2
Amortisation of guarantee liability [1]	**(31.8)**	(28.2)	(24.1)
Foreign exchange loss	**22.2**	38.4	10.3
Balance at end of the year	**197.0**	206.6	196.4

[1] The amortisation charge of the guarantee liability is disclosed as part of the (loss)/gain on financial instruments on the face of the income statement.

23. INVENTORIES

Significant accounting judgments and estimates

Costs that are incurred in or benefit the productive process are accumulated gold-in-process, uranium-in-process and product inventories. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot commodity prices at the reporting date, less estimated costs to complete production and bring the product to sale. If any inventories are expected to be realised in the long-term horizon, estimated future sales prices are used for valuation purposes.

Accounting policy

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

Figures in million – SA rand	2014	2013	2012
Consumable stores	**274.9**	187.1	348.9
Uranium finished goods and uranium-in-process	**52.8**	–	–
Total inventories	**327.7**	187.1	348.9

The cost of consumable stores consumed during the year and included in operating cost amounted to R3,480.4 million (2013: R2,720.7 million and 2012: R2,576.2 million.

24. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost less allowance for impairment. Estimates made for impairment are based on a review of all outstanding amounts at period end. Irrecoverable amounts are written off during the period in which they are identified.

Figures in million – SA rand	2014	2013	2012
Trade receivables – gold sales	**383.4**	473.3	212.6
Other trade receivables	**177.6**	91.8	49.6
Prepayments	**68.9**	116.7	76.8
Value added tax	**262.1**	197.2	117.2
Payroll debtors	**87.3**	54.9	52.9
Other	**13.5**	39.9	49.2
Total trade and other receivables	**992.8**	973.8	558.3

Sibanye has ceded its trade receivables in favour of the lenders of the R4.5 billion Facilities as security, refer to note 30(a).

25. RELATED-PARTY RECEIVABLES

Figures in million – SA rand	2014	2013	2012
Other trade receivables			
Related-party receivables	**–**	–	548.1
Total related-party receivables	**–**	–	548.1

Gold Fields Limited and its subsidiaries were related parties until the unbundling date of 18 February 2013. Refer to note 44 for further details of the Group's related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

26. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at amortised cost which is deemed to be fair value as they have a short-term maturity.

Bank overdrafts are included within current liabilities in the statement of financial position.

Figures in million – SA rand	2014	2013	2012
Cash at the bank and on hand	**562.9**	1,082.4	291.8
Restricted cash [1]	**–**	410.0	–
Total cash and cash equivalents	**562.9**	1,492.4	291.8

[1] *At 31 December 2013 R410.0 million was in an escrow account, being the consideration for the Wits Gold acquisition. Refer to note 15 for further details relating to the transaction.*

Sibanye has ceded certain of its bank accounts in favour of the lenders of the R4.5 billion Facilities as security, refer to note 30(a).

27. STATED SHARE CAPITAL

Accounting policy

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Figures in million – SA rand	2014	2013	2012
Authorised number of shares ('000)	**1,000,000**	1,000,000	1,000,000
Reconciliation of issued number of shares ('000)			
Number of shares in issue at beginning of the year	**735,079**	1	1
Shares issued on unbundling	**–**	731,648	–
Shares issued as consideration for the acquisition of Cooke (refer to note14)	**156,895**	–	–
Shares issued under SGL Share Plan	**6,866**	3,430	–
Number of shares in issue at end of the year ('000)	**898,840**	735,079	1

There was no change to the authorised share capital during the year. The authorised and issue share capital of the Company was converted from par value to no par value shares and the authorised share capital was increased during 2012 by the creation of an additional 999,999,000 no par value ordinary shares.

In terms of the general authority granted by the shareholders of the Company on 17 June 2014, the Board may issue authorised but unissued ordinary share capital representing not more than 5% of the issued share capital of the Company at 31 December 2013 in accordance with the memorandum of incorporation and the Companies Act.

On 15 May 2014 the Company issued 156,894,754 shares for the acquisition of Cooke (refer to note 14) in terms of the shareholder's approval on 5 November 2013 that the Company may issue 150 million ordinary shares, or such number of shares that represent 17% of the issued share capital, on a fully diluted basis for the acquisition.

All the Sibanye ordinary shares rank pari passu in all respects, there being no conversion or exchange rights attached thereto, and all of the ordinary shares will have equal rights to participate in capital, dividend and profit distributions by the Company.

28. NON-CONTROLLING INTEREST

Accounting policy

Non-controlling interests

The Group recognises any non-controlling interest in an acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's subsequent share of changes in equity.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests where control is not lost are also recorded in equity. Where control is lost over a subsidiary, the gains or losses are recognised in profit or loss.

The Groups non-controlling interest relates to the following subsidiaries:

Figures in million – SA rand	2014	2013	2012
Non-controlling interests of Newshelf 1114	**327.4**	–	–
Non-controlling interests of Goldfields Technical Security Management Proprietary Limited	**2.2**	2.2	2.1
Non-controlling interests of Living Gold	**–**	–	(6.7)
Total non-controlling interests	**329.6**	2.2	(4.6)

Subsidiaries that have material non-controlling interests

Newshelf 1114

Sibanye has a 76% interest in Newshelf 1114, a company incorporated in the Republic of South Africa, which is involved in the mining of gold and uranium. The investment was acquired on 15 May 2014 (refer to note 14).

The current balance of 24% not owned by Sibanye forms part of the Newshelf 1114 black economic empowerment (BEE) structure. Non-controlling interest takes into account any portion of the equity of Newshelf 1114 which is indirectly attributable to the shareholders of Sibanye as a result of funding provided by Sibanye.

The Newshelf 1114 BEE partners have no voting rights until it has fully repaid the loan owed to Sibanye.

The share of non-controlling interest relating to the non-controlling interest of Newshelf 1114 consists of:

Figures in million – SA rand	2014	2013	2012
Balance at the beginning of the year	**–**	–	–
Fair value of non-controlling interest on acquisition by Sibanye (refer to note 14)	**396.2**		
Non-controlling interest of the share of profits and losses of Cooke (refer to note 2)	**(44.6)**	–	–
Transactions with Sibanye [1]	**(24.2)**	–	–
Balance at the end of the year	**327.4**	–	–

[1] *The transaction with Sibanye relates to the interest on funding received from Sibanye.*

Summarised financial information of the Newshelf 1114 group:

Figures in million – SA rand	2014	2013	2012
Total revenue of the Newshelf 1114 group	**1,881.9**	–	–
Total comprehensive income of the Newshelf 1114 group	**(187.8)**	–	–
Non-current assets	**5,579.8**	–	–
Current assets	**219.0**	–	–
Non-current liabilities	**(5,203.0)**	–	–
Current-liabilities	**(816.8)**	–	–
Net assets (100.0%)	**(221.0)**	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

29. DEFERRED TAXATION

Accounting policy

Refer to note 10 for details of the accounting policy on deferred taxation.

The detailed components of the net deferred taxation liability which results from the differences between the amounts of assets and liabilities recognised for financial reporting and taxation purposes in different accounting periods are:

Figures in million – SA rand	2014	2013	2012
Deferred taxation liabilities			
Mining assets	**5,202.8**	3,849.7	4,407.1
Environmental rehabilitation obligation funds	**472.7**	414.9	364.4
Other	**97.4**	109.9	15.3
Gross deferred taxation liabilities	**5,772.9**	4,374.5	4,786.8
Deferred taxation assets			
Environmental rehabilitation obligation	**(630.1)**	(437.8)	(487.0)
Other provisions	**(228.5)**	(202.0)	(133.4)
Taxation losses and unredeemed capital expenditure	**(995.5)**	(4.4)	(4.2)
Share-based payments obligation	**(101.1)**	(30.7)	–
Gross deferred taxation assets	**(1,955.2)**	(674.9)	(624.6)
Net deferred taxation liabilities	**3,817.7**	3,699.6	4,162.2

Figures in million – SA rand	2014	2013	2012
Included in the statement of financial position as follows:			
Deferred taxation assets	**(51.6)**	(35.8)	(23.3)
Deferred taxation liabilities	**3,869.3**	3,735.4	4,185.5
Net deferred taxation liabilities	**3,817.7**	3,699.6	4,162.2
Reconciliation of the deferred taxation balance:			
Balance at beginning of the year	**3,699.6**	4,162.2	5,002.0
Recognised in profit or loss	**(51.1)**	(553.6)	(839.8)
Recognised in equity (refer to note 22.1)	**–**	79.1	–
Deferred taxation acquired on acquisition of subsidiaries (refer to note 14)	**169.2**	–	–
Loss of control of subsidiary	**–**	11.9	–
Balance at end of the year	**3,817.7**	3,699.6	4,162.2

At 31 December 2014 the Group had the following estimated amounts available for set-off against future income:

Figures in million – SA rand	2014	2013	2012
Tax losses			
Wits Gold	**84.9**	–	–
Burnstone	**1,459.6**	–	–
Ezulwini	**1,782.8**	–	–
Rand Uranium	**217.8**	–	–
Living Gold	**–**	–	146.4
Golden Oils Proprietary Limited	**9.8**	9.7	10.1
Total gross tax losses	**3,554.9**	9.7	156.5
Other deductible temporary differences			
Burnstone	**7,175.1**	–	–
Ezulwini	**2,754.1**	–	–
Rand Uranium	**2,487.3**	–	–
Total gross tax losses other deductible temporary differences	**15,971.4**	9.7	156.5
Deferred tax assets not recognised			
Wits Gold	**23.8**	–	–
Burnstone	**2,417.7**	–	–
Ezulwini	**1,270.3**	–	–
Living Gold	**–**	–	41.0
Golden Oils Proprietary Limited	**2.7**	2.7	2.8
Total net tax losses	**3,714.5**	2.7	43.8

These deductions are available to be utilised against income generated by the relevant tax entity and do not expire unless the tax entity concerned ceases to operate for a period of longer than one year. Under South African mining tax ring-fencing legislation, each tax entity is treated separately and as such these deductions can only be utilised by the tax entities in which the deductions have been generated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

CONTINUED

30. BORROWINGS

Significant accounting judgments and estimates

Borrowings are recognised initially at fair value. Expected future cash flows used to determine the fair value of borrowings are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the expected commodity price, foreign currency exchange rates, estimates of production costs, future capital expenditure and discount rates.

Accounting policy

Borrowings are recognised initially at fair value, net of transaction costs incurred, where applicable and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(a) R4.5 billion Facilities

On 13 December 2013, Sibanye cancelled and replaced the Bridge Loan Facilities by drawing R2 billion under the R4.5 billion Facilities (the R4.5 billion Facilities), the balance may be applied to ongoing capital expenditure, working capital and general corporate expenditure requirements, where required.

Terms of the R4.5 billion Facilities

Facility:	– R2.5 billion revolving credit facility (RCF)
	– R2.0 billion term loan facility (Term Loan)
Interest rate:	JIBAR (Quoted at 6.13% at year-end)
Interest rate margin:	– RCF: 2.85% (Repricing possible if Sibanye is released as guarantor under the Notes, refer to note 22)
	– Term Loan: 2.75% (Repricing possible if Sibanye is released as guarantor under the Notes, refer to note 22)
Term of loan:	Three years
Repayment period:	The Term Loan will be repaid in equal six-monthly instalments of R250 million, with the R750 million balance due for settlement on final maturity, being 13 December 2016
Security:	Sibanye has lodged and registered a security package for its obligation under the R4.5 billion Facilities. The security package includes a cession over certain bank accounts, accounts receivables, certain insurance policies proceeds, material contracts, shares in material subsidiaries, a general notarial bond over movable assets on the mine properties of Driefontein, Kloof and Beatrix, mortgage bonds over substantially all of the properties (excluding mining rights) covering the Driefontein operation and special notarial bonds over the gold plants and main infrastructure of the Driefontein operation. Subsequent to the acquisition of Cooke Sibanye has also pledged its shares in Newshelf 1114 as security.
Guarantors:	Rand Uranium and Ezulwini

Figures in million – SA rand	2014	2013	2012
Balance at beginning of the year	**1,990.9**	–	–
Loans advanced	**884.6**	2,000.0	–
Loans repaid	**(900.0)**	–	–
Unwinding of interest/(financing costs capitalised)	**4.0**	(9.1)	–
Balance at end of the year	**1,979.5**	1,990.9	–
Reconciliation of facilities:			
Term loan	**1,494.9**	1,990.9	–
RCF	**484.6**	–	–
Total facilities utilised	**1,979.5**	1,990.9	–

(b) Other borrowings

i) Wits Gold Loan

Wits Gold had a R40 million short-term unsecured loan (Wits Gold Loan) outstanding as part of the net assets acquired on 14 April 2014, refer to note 15.

The purpose of the loan was to fund operational expenses. Interest, at 10.07% per annum, was payable on a monthly basis with the capital due (in full) no later than 31 December 2014. On 15 May 2014 the Wits Gold Loan was repaid.

Figures in million – SA rand	2014	2013	2012
Loans acquired	40.0	–	–
Loans repaid	(40.0)	–	–
Balance at end of the year	–	–	–

ii) Cooke Loan

Cooke had R696.2 million of borrowings outstanding as part of the net assets acquired on 15 May 2014, refer to note 14. These borrowings consisted of a R616 million term loan (Cooke Loan) and a US$7.7 million (R80.2 million) liability (Franco-Nevada liability (as detailed in (iii))).

As part of the conditions precedent to the acquisition of Cooke, the Cooke Loan was to be settled on completion of the acquisition. The Group thus repaid and cancelled the loan on 15 May 2014.

Figures in million – SA rand	2014	2013	2012
Loans acquired	616.0	–	–
Loans repaid	(616.0)	–	–
Balance at end of the year	–	–	–

iii) Franco-Nevada liability

On 5 November 2009, First Uranium Limited (First Uranium) (Ezulwini's holding company prior to Sibanye's acquisition of the Cooke Operations) signed an agreement with Franco-Nevada (Barbados) Corporation (Franco-Nevada).

The agreement establishes a determinable consideration for the sales of 7% of Ezulwini's production to Franco-Nevada in exchange for an upfront cash payment from Franco-Nevada to Ezulwini of US$50.0 million (Upfront Payment).

The Upfront Payment, which is guaranteed by Sibanye, is reduced by an amount equal to the difference between the spot price of gold on the date of gold delivery to Franco-Nevada and the Fixed Price, multiplied by the total ounces delivered. Cooke 4 delivers 7% of its monthly production under this agreement.

In addition, Franco-Nevada will make an on-going payment equal to the lesser of US$400/oz (the Fixed Price) (subject to inflation adjustment of 1% per annum from 30 November 2013) and the prevailing spot price at such time of such payment, for each ounce of gold delivered under the contract.

Figures in million – SA rand	2014	2013	2012
Liability acquired	80.2	–	–
Liability repaid [1]	(26.2)	–	–
Translation adjustment	2.1	–	–
Balance at end of the year	56.1	–	–

[1] The liability is reduced by an amount equal to the difference between the gold spot price on the date of delivery and the Fixed Price multiplied by the ounces delivered and is recognised as revenue. This reduction is not cash and is not reflected in the statement of cash flows. This is included in revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

30. BORROWINGS (continued)

(c) Burnstone Debt

At the acquisition date, being 1 July 2014, SGEO had bank debt of US$178.1 million (R1,883.9 million) (the Burnstone Debt) (refer to note 16 for further details of the Burnstone acquisition).

Terms of the Burnstone Debt

Facility:	– A1: US$0.2 million – A2: US$7.8 million – A3: US$51.0 million – A4: US$119.1 million
Interest rate:	– A1 and A2: Interest free – A3 and A4: Interest free until 1 July 2017, then at London Interbank Offered Rate (LIBOR)
Interest rate margin:	– A3 and A4: 4% (from 1 July 2017)
Term of loan:	No fixed term
Repayment period:	– A1: Repaid on 1 July 2014 – A2: From 1 July 2017 the first 50% of Burnstone's free cash flow will be used to repay the Wits Gold Loan and the balance of 50% to repay A2 – A3 and A4: On settlement of A2. 90% of Burnstone's free cash flow will be used to repay the Wits Gold Loan and the balance of 10% to repay the Burnstone Debt. On settlement of the Wits Gold Loan and interest, 30% of Burnstone's free cash flow will be used to repay the Burnstone Debt and the balance will be distributed to Wits Gold. – The Bank Lenders will continue to participate in 10% of Burnstone's free cash flow after the Burnstone Debt has been repaid in full to a maximum amount of US$63.0 million under a revenue participation agreement.
Security:	The Burnstone Debt is fully secured against the assets of Burnstone and there is no recourse to the Sibanye Group. The security package includes a cession over the bank accounts, insurance policies' proceeds, special and general notarial bonds over movable assets and mortgage bonds over property.

The Burnstone Debt facilities of US$178.1 million (R1,883.9 million) were initially recognised at the acquisition fair value using level 2 (refer to note 42) assumptions, being R1,007.6 million, in terms of IFRS 3. The estimates and assumptions used to determine the fair value included:

- A US$ swop forward curve adjusted with the 4% interest rate margin above;
- The annual life-of-mine plan that takes into account the following:
  - Proved and probable ore reserves of Burnstone;
  - Cash flows are based on the life-of-mine plan of 23 years; and
  - Capital expenditure estimates over the life-of-mine plan.

Figures in million – SA rand	2014	2013	2012
Loans acquired	1,007.6	–	–
Loans repaid	(1.9)	–	–
Unwinding of interest	39.3	–	–
Translation adjustment	89.4	–	–
Balance at end of the year	**1,134.4**	–	–

(d) Bridge Loan Facilities

On 28 November 2012, Sibanye entered into a R6.0 billion term loan and RCF (the Bridge Loan Facilities) reducing to R5.0 billion as detailed below.

Terms of the Bridge Loan Facilities

Facility:	– R2.0 billion RCF (Facility A) increased to R3.0 billion after it was amended in July 2013
	– R4.0 billion term loan facility (Facility B) reduced to R3.0 billion after it was amended in July 2013
	– Facility A and B would have reduced to R2.5 billion on the earliest of the Group declaring a final dividend in respect of 2013 or 12 months after the unbundling date
Interest rate:	JIBAR
Interest rate margin:	– 3.0% for 12 months after unbundling
	– 3.5% for last six months of the facilities
	– If Sibanye was not released as guarantor under the Notes within six months of unbundling, being 18 August 2013, the margin would have increased to 3.25% and 3.75% for the seven to 12 month and 13 to 18 month periods after unbundling, respectively
Term of loan:	18 months after the unbundling date
Repayment period:	Full payment of the outstanding amount on maturity of the loan, being 18 August 2014
Cancellation:	These facilities were cancelled and repaid on 13 December 2013

Figures in million – SA rand	2014	2013	2012
Loans advanced	–	4,570.0	–
Loans repaid	–	(4,570.0)	–
Balance at end of the year	–	–	–

(e) Long-term credit facilities

Sibanye and GFO (collectively the Borrowers) entered into various RCFs with some of the major banks in South Africa with tenors between three and five years. The purpose of these facilities was to finance capital expenditure, general corporate and working capital requirements and to refinance existing borrowings.

Terms of the Revolving credit facilities

Facility:	– R1.0 billion RCF entered into on 9 December 2009
	– R500.0 million RCF entered into on 8 March 2010
	– R2.0 billion RCF entered into on 15 December 2011
Interest rate:	JIBAR
Interest rate margin:	– R1.0 billion RCF: 3.00%
	– R500.0 million RCF: 2.85%
	– R2.0 billion RCF: 1.95%
Term of loan:	– R1.0 billion RCF matures on 30 June 2013, being 3.5 years
	– R500.0 million RCF maturing on 10 March 2013, being three years
	– R2.0 billion RCF maturing on 19 December 2016, being five years
Repayment period:	Full payment of outstanding amounts were due on maturity
Guarantors:	Gold Fields and certain of its subsidiaries: GF Holdings, GFO, Orogen, Newshelf 899 Proprietary Limited and Sibanye.
Cancellation:	These facilities were cancelled and repaid on 18 February 2013

Figures in million – SA rand	2014	2013	2012
Balance at beginning of the year	–	3,000.0	–
Loans advanced	–	500.0	3,000.0
Loans repaid	–	(3,500.0)	–
Balance at end of the year	–	–	3,000.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

30. BORROWINGS (continued)

(f) Short-term credit facilities

Sibanye has uncommitted loan facilities with various banks to fund the capital expenditure and working capital requirements at its operations. These facilities have no fixed terms, are short-term in nature and interest rates are market related.

Figures in million – SA rand	2014	2013 [1]	2012 [1]
Balance at beginning of the year	–	1,220.0	–
Loans advanced	**739.0**	550.0	1,220.0
Loans repaid	**(739.0)**	(1,770.0)	–
Balance at end of the year	–	–	1,220.0

[1] *Borrowings under these facilities were guaranteed by Gold Fields. On the date of unbundling, these facilities were refinanced by drawing down under the Bridge Loan Facilities as detailed in (d).*

Summary

Figures in million – SA rand	2014	2013	2012
(a) R4.5 billion Facilities	**1,979.5**	1,990.9	–
(b) Other borrowings	**56.1**	–	–
(c) Burnstone Debt	**1,134.4**	–	–
(e) Long-term credit facilities	–	–	3,000.0
(f) Short-term credit facilities	–	–	1,220.0
Gross borrowings	**3,170.0**	1,990.9	4,220.0
Current portion of borrowings	**(554.2)**	(499.5)	(2,220.0)
Non-current borrowings	**2,615.8**	1,491.4	2,000.0

Figures in million – SA rand	2014	2013	2012
The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:			
Six months or less	–	–	1,220.0
Floating rate with exposure to change in JIBAR	**1,979.5**	1,990.9	3,000.0
Floating rate with exposure to change in LIBOR	**1,134.4**	–	–
Non-current borrowings exposed to interest rate changes	**3,113.9**	1,990.9	4,220.0
The Group has the following undrawn borrowing facilities:			
Committed [1]	**2,015.4**	2,500.0	6,756.1
Uncommitted	**548.0**	499.7	–
Total undrawn facilities	**2,563.4**	2,999.7	6,756.1
All of the above facilities have floating rates. The uncommitted facilities have no expiry dates. The undrawn committed facilities have the following expiry dates:			
– within one year	–	–	500.0
– later than one year and not later than two years	**2,015.4**	–	–
– later than two years and not later than three years	–	2,500.0	–
– later than three years and not later than five years	–	–	6,256.1
Total undrawn committed facilities	**2,015.4**	2,500.0	6,756.1

[1] *During 2012, Sibanye was also a borrower under two Gold Fields group RCFs totalling US$1.5 billion. Sibanye never utilised these facilities and they were cancelled on 15 February 2013.*

31. ENVIRONMENTAL REHABILITATION OBLIGATION

Significant accounting judgements and estimates

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Accounting policy

Provisions are recognised when the Group has a present obligation, legal or constructive resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Long-term environmental obligations are based on the Group's environmental management plans (EMPs), in compliance with applicable environmental and regulatory requirements.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates is recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. Changes in estimates are capitalised or reversed against the relevant asset. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. The present value of environmental disturbances created is capitalised to mining assets against an increase in the environmental rehabilitation obligation.

Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control environmental disturbances is charged against income as incurred. The unwinding of the discount due to the passage of time is recognised as finance cost, and the capitalised cost is amortised over the remaining lives of the mines.

Figures in million – SA rand	2014	2013	2012
Balance at beginning of the year	**1,660.7**	1,739.1	1,417.1
Change in estimates [1]	**131.5**	(160.6)	264.3
Interest charge [2]	**161.5**	92.7	57.7
Payments made	**(10.9)**	(10.5)	–
Environmental rehabilitation obligation assumed on acquisition of subsidiaries (refer to note 14 and 16)	**544.0**	–	–
Balance at end of the year	**2,486.8**	1,660.7	1,739.1

[1] Changes in estimates are defined as changes in reserves and corresponding changes in life of mine as well as changes in laws and regulations governing environmental matters. The environmental rehabilitation obligation acquired is calculated based on the weighted average cost of capital in terms of IFRS 3 for acquisition purposes. Subsequent to initial recognition the provision is recalculated based on the risk free rate of interest in terms of IAS 37. The relating change in estimate is R153.1 million.

[2] The provision is calculated based on the discount rates of 7.2% – 8.6% (2013: 7.2% – 8.2% and 2012: 5.2% – 7.0%).

The Group's mining operations are required by law to undertake rehabilitation works as part of their on-going operations. The Group makes contributions into environmental rehabilitation obligation funds (refer to note 21) and holds guarantees to fund the estimated costs.

32. POST-RETIREMENT HEALTHCARE OBLIGATION

Accounting policy

Medical cover is provided through a number of different schemes. The Group has an obligation to provide medical benefits to certain of its pensioners and dependants of ex-employees. These liabilities have been provided in full, calculated on an actuarial basis. These liabilities are unfunded. Periodic valuation of these obligations is carried out by independent actuaries using appropriate mortality tables, long-term estimates of increases in medical costs and appropriate discount rates.

Actuarial gains/losses and service costs are recognised in other comprehensive income and profit and loss, respectively, when they are incurred.

The Group has certain liabilities to subsidise the contributions payable by certain pensioners and dependants of ex-employees on a pay-as-you-go basis in terms of a defined benefit plan. The remaining obligation was actuarially valued at 31 December 2013 and the outstanding contributions will be funded over the lifetime of these pensioners and dependants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

32. POST-RETIREMENT HEALTHCARE OBLIGATION (continued)

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

Figures in million – SA rand	2014	2013	2012
Actuarial present value	**15.1**	16.3	17.7
Plan assets at fair value	**–**	–	–
Accumulated benefit obligation in excess of plan assets	**15.1**	16.3	17.7
Unrecognised prior service costs	**–**	–	–
Unrecognised actuarial (gains)/losses	**–**	–	–
Post-retirement healthcare obligation	**15.1**	16.3	17.7
Benefit obligation reconciliation:			
Balance at beginning of the year	**16.3**	17.7	16.8
Interest charge	**1.2**	1.3	2.1
Payments during the year	**(2.4)**	(2.7)	(1.2)
Balance at end of the year	**15.1**	16.3	17.7

The obligation has been valued using the projected unit credit funding method on past service liabilities. The valuation assumes a healthcare cost inflation rate of 7.5% per annum (2013 and 2012: 7.5%) and a discount rate of 8.0% per annum (2013 and 2012: 8.0%). Assumed healthcare cost trend rates have a significant impact on the amounts reported for the healthcare plans.

A one percentage point increase in assumed healthcare trend rates would have increased the interest charge for the period to December 2014 by R0.1 million (10.1%) (2013: R0.1 million (10.1%) and 2012: R0.2 million (11.0%)). The effect of the change on the accumulated post-retirement healthcare benefit obligation at 31 December 2014 would have been an increase of R1.7 million (10.1%) (2013: R1.7 million (10.1%) and 2012: R1.8 million (10.6%)).

A one percentage point decrease in assumed healthcare trend rates would have decreased interest cost for the period to 31 December 2014 by R0.1 million (8.6%) (2013: R0.1 million (8.6%) and 2012: R0.1 million (9.3%)). The effect of this change on the accumulated post-retirement healthcare benefit obligation at 31 December 2013 would have been a decrease of R1.4 million (9.5%) (2013: R1.4 million (9.5%) and 2012: R1.6 million (9.0%)).

33. TRADE AND OTHER PAYABLES

Accounting policy
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Figures in million – SA rand	2014	2013	2012
Trade creditors	**542.6**	529.4	447.3
Accruals and other creditors	**923.9**	730.7	718.4
Payroll creditors	**748.4**	402.1	182.1
Leave pay accrual	**482.5**	401.4	400.6
Other	**17.2**	9.4	21.2
Total trade and other payables	**2,714.6**	2,073.0	1,769.6

34. RELATED-PARTY PAYABLES

Figures in million – SA rand	2014	2013	2012
Other trade payables			
Related-party payables	**–**	–	37.5
Loans			
GFL Mining Services Limited	**–**	–	17,108.0
Total related-party payables	**–**	–	17,145.5

Gold Fields and its subsidiaries were related parties until the unbundling date of 18 February 2013. Refer to note 44 for further details relating to related-party balances.

35. CASH GENERATED BY OPERATIONS

Figures in million – SA rand	2014	2013	2012
Profit for the year	**1,506.9**	1,698.3	2,980.2
Royalties	**430.5**	414.6	282.1
Mining and income taxation	**828.1**	256.2	(365.0)
Investment income	**(183.2)**	(160.3)	(105.5)
Finance expense	**400.0**	420.3	176.7
Profit before interest and taxation	**2,982.3**	2,629.1	2,968.5
Non-cash and other adjusting items:			
Amortisation and depreciation	**3,254.7**	3,103.9	2,362.8
Share-based payments	**417.9**	305.8	263.5
Share of results of equity-accounted investees after taxation	**470.7**	(51.5)	(93.1)
Loss/(gain) on financial instruments	**107.7**	4.6	(13.8)
Loss/(gain) on foreign exchange differences	**82.7**	(4.2)	(1.2)
Impairments	**275.1**	821.0	–
Reversal of impairment	**(474.1)**	–	–
Loss on loss of control of subsidiary	**–**	30.2	–
Other	**(35.6)**	1.1	(9.3)
Total cash generated by operations	**7,081.4**	6,840.0	5,477.4

36. CHANGE IN WORKING CAPITAL

Figures in million – SA rand	2014	2013	2012
Inventories	**(62.6)**	161.8	(97.0)
Trade, related and other receivables	**166.7**	132.6	(349.3)
Trade, related and other payables	**110.4**	265.9	(201.7)
Living Gold working capital	**–**	8.4	–
Total change in working capital	**214.5**	568.7	(648.0)

37. ROYALTIES PAID

Figures in million – SA rand	2014	2013	2012
Balance at beginning of the year	**(240.0)**	(74.4)	(206.0)
Royalties	**(430.5)**	(414.6)	(282.1)
Amount owing at end of the year	**20.4**	240.0	74.4
Total royalties paid	**(650.1)**	(249.0)	(413.7)

38. TAXATION PAID

Figures in million – SA rand	2014	2013	2012
Balance at beginning of the year	**(527.2)**	(22.2)	(527.8)
Taxation obligation acquired on acquisition of subsidiary (refer to note 14)	**(4.3)**	–	–
Current taxation	**(879.2)**	(809.8)	(474.8)
Amount owing at end of the year	**63.6**	527.2	22.2
Total taxation paid	**(1,347.1)**	(304.8)	(980.4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

39. COMMITMENTS

Figures in million – SA rand	2014	2013	2012
Capital expenditure			
– authorised	**4,717.4**	4,206.3	4,340.7
Kloof	**1,851.0**	1,847.6	1,966.1
Driefontein	**1,177.1**	1,387.1	1,470.1
Beatrix	**270.8**	965.0	897.9
Cooke	**650.5**	–	–
Burnstone	**768.0**	–	–
Other	**–**	6.6	6.6
– contracted for	**350.5**	286.9	511.4
Other guarantees	**55.5**	4.1	4.1

Commitments will be funded from internal sources and to the extent necessary from borrowings. This expenditure primarily relates to hostel upgrades, mining activities and infrastructure. Also refer to note 22 and 28 for debt guarantees provided by the Group.

40. CONTINGENT LIABILITIES

Significant accounting judgements and estimates

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within the control of the Group occur or fail to occur or for contingent liabilities a present obligation arising from a past event but is not recognised because either it is not probable that an out-flow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be determined with sufficient reliability. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Occupational healthcare services

The Group provides occupational healthcare services to its employees through its existing facilities at the various operations. There is a risk that the cost of providing such services could increase in the future depending upon changes in the nature of underlying legislation and the profile of employees. Any such increased cost cannot be quantified. The Group is monitoring developments in this regard.

The principal health risks associated with Sibanye's mining operations in South Africa arise from occupational exposure to silica dust, noise, heat and certain hazardous chemicals. The most significant occupational diseases affecting Sibanye's workforce include lung diseases (such as silicosis, tuberculosis, a combination of the two and chronic obstructive airways disease (COAD) as well as noise induced hearing loss (NIHL). The Occupational Diseases in Mines and Works Act, 78 of 1973, or ODMWA, governs the compensation paid to mining employees who contract certain illnesses, such as silicosis. Recently, the South African Constitutional Court ruled that a claim for compensation under ODMWA does not prevent an employee from seeking compensation from its employer in a civil action under common law (either as individuals or as a class). While issues, such as negligence and causation, need to be proved on a case by case basis, it is possible that such ruling could expose Sibanye to claims related to occupational hazards and diseases (including silicosis), which may be in the form of a class or similar group action. If Sibanye were to face a significant number of such claims and the claims were suitably established against it, the payment of compensation for the claims could have a material adverse effect on Sibanye's results of operations and financial position. In addition, Sibanye may incur significant additional costs arising out of these issues, including costs relating to the payment of fees, levies or other contributions in respect of compensatory or other funds established (if any) and expenditures arising out of its efforts to resolve any outstanding claims or other potential action.

On 21 August 2012, a court application was served on a group of respondents that included Sibanye (the August Respondents). On 21 December 2012, a further court application was issued and was formally served on a number of respondents, including Sibanye (the December Respondents and, together with the August Respondents, the Respondents), on 10 January 2013, on behalf of classes of mine workers, former mine workers and their dependants who were previously employed by, or who are currently employed by, amongst others, Sibanye and who allegedly contracted silicosis and/or other occupational lung diseases (the Classes). The court application of 21 August 2012 and the court application of 21 December 2012 are together referred to below as the Applications.

These Applications request that the court certify a class action to be instituted by the applicants on behalf of the Classes. The Applications are the first and preliminary steps in a process where, if the court were to certify the class action, the applicants may, in a second stage, bring an action wherein they will attempt to hold the Respondents liable for silicosis and other occupational lung diseases and resultant consequences. In the second stage, the Applications contemplate addressing what the applicants describe as common legal and factual issues regarding the claim arising from the allegations of the entire Classes. If the applicants are successful in the second stage, they envisage that individual members of the Classes could later submit individual claims for damages against the respective Respondents. The Applications do not identify the number of claims that may be instituted against the Respondents or the quantum of damages the applicants may seek.

With respect to the Applications, Sibanye filed a notice of its intention to oppose the application and instructed its attorneys to defend the claims. The two class actions were consolidated into one action during 2013. Sibanye and its attorneys further engaged with the applicants' attorneys and the court in both Applications to try to establish a court-sanctioned process to agree the timelines. Such a process was agreed upon and timelines imposed by means of a timetable. Sibanye has thus far filed all its papers opposing the Applications. The date for the hearing of the Applications is currently the weeks of 12 and 19 October 2015.

Anglo American South Africa, AngloGold Ashanti, Gold Fields, Harmony and Sibanye Gold announced in November 2014 that they have formed an industry working group to address issues relating to compensation and medical care for occupational lung disease (OLD) in the gold mining industry in South Africa.

The companies have begun to engage all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These legal proceedings are being defended.

Essentially, the companies are seeking a comprehensive solution which deals both with the legacy compensation issues and future legal frameworks and which, while being fair to employees, also ensures the future sustainability of companies in the industry.

At this stage, Sibanye cannot quantify the potential liability from the action as the Application is currently for certification of a class nor the timing of possible out flow.

Financial guarantee
Refer to note 22.

Post closure water management liability
The Group has identified a minor risk of potential long-term Acid Mine Drainage (AMD), on certain of its operations. AMD relates to the acidification and contamination of naturally occurring water resources by pyrite-bearing ore contained in underground mines and in rock dumps, tailings dams and pits on the surface. The Group has not been able to reliably determine the financial impact that AMD might have on the Group, nor the timing of possible out flow, however, the Group has adopted a proactive approach by initiating projects such as Sibanye Amanzi (long-term water management strategy), the acquisition and development of innovative treatment technologies; and the development of regional mine closure models to predict water quality impacts. The Group operates a comprehensive water quality monitoring program, including bio-monitoring, as an early detection of potential AMD.

41. EVENTS AFTER THE REPORTING DATE

There were no events that could have a material impact on the financial results of the Group after 31 December 2014, other than those disclosed below.

Final dividend declared
On 19 February 2015 a final dividend in respect of the six months ended 31 December 2014 of 62 SA cents per share was approved by the Board and payable on 23 March 2015. This dividend is not reflected in these financial statements. The final dividend will be subject to Dividend Withholding Tax.

42. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Significant accounting judgements and estimates
The estimated fair value of financial instruments is determined at discrete points in time, based on the relevant market information. The fair value is calculated with reference to market rates using industry valuation techniques and appropriate models. If a financial instrument does not have a quoted market price and the fair value cannot be measured reliably, it will be stated at cost. This exemption only applies to investments in equity instruments classified as available for sale.

Accounting policy
Financial instruments recognised in the statement of financial position include cash and cash equivalents, investments, trade and other receivables, related party receivables, borrowings, trade and other payables, related party payables and derivative financial instruments.

The Group initially recognises loans and receivables on the date they originate. All other financial assets (including assets designated at fair value through profit and loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Any interest in such transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability. The particular recognition and measurement methods adopted are disclosed in the individual policy statements associated with each item.

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that/those event(s) had an impact on the estimated future cash flows of that asset, that can be estimated reliably. Impairment losses are recognised through profit and loss.

On derecognition of a financial asset or liability, the difference between the carrying amount of the asset or liability and the sum of the consideration received and cumulative gains recognised in equity is recognised in profit and loss.

Refer to the relevant notes for the accounting policies of the following financial assets and financial liabilities:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

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

Accounting policy (continued)

– Investments

– Cash and cash equivalents

– Trade and other receivables

– Trade and other payables

– Financial guarantees

– Borrowings

– Environmental rehabilitation obligation funds

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- **Trade and other receivables/payables, related-party receivables/payables, cash and cash equivalents and financial guarantee asset and liability**
  The carrying amounts approximate fair values due to the short maturity of these instruments.

- **Investments and environmental rehabilitation obligation funds**
- The fair value of publicly traded instruments is based on quoted market values. The environmental rehabilitation obligation funds are stated at fair value based on the nature of the funds' investments.

- **Borrowings**
  The fair value of borrowings approximates its carrying amounts as the impact of credit risk is included in the measurement of carrying amounts.

- **Financial instruments**
  The fair value of financial instruments is estimated based on ruling market prices, volatilities and interest rates at 31 December 2014. All derivatives are carried in the statement of financial position at fair value.

  The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:
  Level 1: unadjusted quoted prices in active markets for identical asset or liabilities;
  Level 2: inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
  Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Carrying value					Fair Value			
Figures in million – SA rand	Fair value through profit and loss	Loans and other receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2014									
Financial assets									
Not measured at fair value:									
– Cash and cash equivalents	–	**562.9**	–	–	**562.9**				
– Trade and other receivables	–	**661.8**	–	–	**661.8**				
– Financial guarantee asset	–	**282.6**	–	–	**282.6**				
Measured at fair value:									
– Environmental rehabilitation obligation funds	**2,192.8**	–	–	–	**2,192.8**	**2,192.8**	–	–	**2,192.8**
– Investments	–	–	**1.4**	–	**1.4**	–	–	**1.4**	**1.4**
Financial liabilities									
Not measured at fair value:									
– Trade and other payables	–	–	–	**2,232.1**	**2,232.1**				
– Financial guarantee liability	–	–	–	**197.0**	**197.0**				
– Borrowings	–	–	–	**3,170.0**	**3,170.0**				
31 December 2013									
Financial assets									
Not measured at fair value:									
– Cash and cash equivalents	–	1,492.4	–	–	**1,492.4**				
– Trade and other receivables	–	659.9	–	–	**659.9**				
– Related-party receivables	–	290.2	–	–	**290.2**				
Measured at fair value:									
– Environmental rehabilitation obligation funds	1,588.1	–	–	–	**1,588.1**	1,588.1	–	–	**1,588.1**
– Investments	–	–	1.4	–	**1.4**	–	–	1.4	**1.4**
Financial liabilities									
Not measured at fair value:									
– Trade and other payables	–	–	–	1,671.6	**1,671.6**				
– Financial guarantee liability	–	–	–	206.6	**206.6**				
– Borrowings	–	–	–	1,990.9	**1,990.9**				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

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

	Carrying value					Fair Value			
Figures in million – SA rand	Fair value through profit and loss	Loans and other receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2012									
Financial assets									
Not measured at fair value:									
– Cash and cash equivalents	–	291.8	–	–	**291.8**				
– Trade and other receivables	–	364.3	–	–	**364.3**				
– Related-party receivables	–	548.1	–	–	**548.1**				
Measured at fair value:									
– Environmental rehabilitation obligation funds	1,331.1	–	–	–	**1,331.1**	1,073.9	257.2	–	**1,331.1**
– Investments	–	–	1.5	–	**1.5**	–	–	1.5	**1.5**
Financial liabilities									
Not measured at fair value:	–								
– Trade and other payables	–	–	–	1,369.0	**1,369.0**				
– Financial guarantee liability	–	–	–	196.4	**196.4**				
– Borrowings	–	–	–	4,220.0	**4,220.0**				
– Related-party payables	–	–	–	17,145.5	**17,145.5**				

Environmental rehabilitation obligation funds
Comprises interest-bearing short-term investments valued using quoted market prices.

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

43. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the Group is exposed to commodity price, currency, interest rate, liquidity and credit risk. In order to manage these risks, the Group has developed a comprehensive risk management process to facilitate control and monitoring of these risks.

Controlling and managing risk in the Group

Sibanye has policies in areas such as counterparty exposure, hedging practices and prudential limits which have been approved by Sibanye's Board of Directors (the Board). Management of financial risk is centralised at Sibanye's treasury department (Treasury), which acts as the interface between Sibanye's Operations and counterparty banks. Treasury manages financial risk in accordance with the policies and procedures established by the Board and Executive Committee (Exco).

The Board has approved dealing limits for money market, foreign exchange and commodity transactions, which Treasury is required to adhere to. Among other restrictions, these limits describe which instruments may be traded and demarcate open position limits for each category as well as indicating counterparty credit-related limits. The dealing exposure and limits are checked and controlled each day and reported to the Chief Financial Officer.

The objective of Treasury is to manage all financial risks arising from the Group's business activities in order to protect profit and cash flows. Treasury activities of Sibanye and its subsidiaries are guided by the Treasury Policy, the Treasury Framework as well as domestic and international financial market regulations. Treasury activities are currently performed within the Treasury Framework with appropriate resolutions from the Board, which are reviewed and approved annually by the Audit Committee.

The financial risk management objectives of the Group are defined as follows:

- **Liquidity risk management:** the objective is to ensure that the Group is able to meet its short-term commitments through the effective and efficient management of cash and usage of credit facilities.
- **Currency risk management:** the objective is to maximise the Group's profits by minimising currency fluctuations.
- **Funding risk management:** the objective is to meet funding requirements timeously and at competitive rates by adopting reliable liquidity management procedures.
- **Investment risk management:** the objective is to achieve optimal returns on surplus funds.
- **Interest rate risk management:** the objective is to identify opportunities to prudently manage interest rate exposures.
- **Counterparty exposure:** the objective is to only deal with approved counterparts that are of a sound financial standing and who have an official credit rating. The Group is limited to a maximum investment of 2.5% of the financial institutions' equity, which is dependent on the institutions' credit rating. The credit rating used is Fitch Ratings' short-term credit rating for financial institutions.
- **Commodity price risk management:** commodity risk management takes place within limits and with counterparts as approved in the treasury framework.
- **Operational risk management:** the objective is to implement controls to adequately mitigate the risk of error and/or fraud.
- **Banking relations management:** the objective is to maintain relationships with credible financial institutions and ensure that all contracts and agreements related to risk management activities are co-ordinated and consistent throughout the Group and that they comply where necessary with all relevant regulatory and statutory requirements.

Credit risk

Credit risk represents risk that an entity will suffer a financial loss due to the other party of a financial instrument not discharging its obligation.

The Group has reduced its exposure to credit risk by dealing with a number of counterparties. The Group approves these counterparties according to its risk management policy and ensures that they are of good credit quality.

Trade receivables are reviewed on a regular basis and an allowance for impairment is raised when they are not considered recoverable.

The combined maximum credit risk exposure is as follows:

Figures in million – SA rand	2014	2013	2012
Environmental rehabilitation obligation funds	**2,192.8**	1,588.1	1,331.1
Trade and other receivables	**661.8**	659.9	364.3
Related-party receivables	**–**	–	548.1
Cash and cash equivalents	**562.9**	1,492.4	291.8
Financial guarantee asset	**282.6**	290.2	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

43. RISK MANAGEMENT ACTIVITIES (continued)

Trade receivables comprise banking institutions purchasing gold bullion. These receivables are in a sound financial position and no impairment has been recognised.

Trade and other receivables above exclude VAT and pre-payments.

Receivables that are past due but not impaired total R19.4 million (2013: R10.4 million and 2012: R7.3 million). At 31 December 2014, receivables of R0.3 million (2013: R0.8 million and 2012: R5.2 million) are considered impaired and are provided for.

Concentration of credit risk on cash and cash equivalents and non-current assets is considered minimal due to the abovementioned investment risk management and counterparty exposure risk management policies.

Liquidity risk

In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent possible by investing only with top financial institutions.

Uncommitted borrowing facilities are maintained with several banking counterparties to meet the Group's normal and contingency funding requirements.

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

Figures in million – SA rand	Total	Within one year	Between one and five years	After five years
31 December 2014				
Trade and other payables	**2,232.1**	**2,232.1**	**–**	**–**
Financial guarantee [1]	**11,560.0**	**11,560.0**	**–**	**–**
Borrowings [2]				
– Capital	**4,041.0**	**500.0**	**1,574.6**	**1,966.4**
– Interest	**1,754.9**	**124.3**	**81.9**	**1,548.7**
Total	**19,588.0**	**14,416.4**	**1,656.5**	**3,515.1**
31 December 2013				
Trade and other payables	**1,671.6**	1,671.6	–	–
Financial guarantees [1]	**10,340.0**	10,340.0	–	–
Borrowings [2]				
– Capital	**2,000.0**	500.0	1,500.0	–
– Interest	**334.8**	153.6	181.2	–
Total	**14,346.4**	12,665.2	1,681.2	–
31 December 2012				
Trade and other payables	**1,369.0**	1,369.0	–	–
Financial guarantees [1]	**15,168.9**	15,168.9	–	–
Related-party payables	**17,145.5**	17,145.5	–	–
Borrowings [2]				
– Capital	**4,220.0**	2,220.0	2,000.0	–
– Interest	**590.0**	176.1	413.9	–
Total	**38,493.4**	36,079.5	2,413.9	–

[1] Financial guarantee relates to Sibanye's gross exposure in respect of the Gold Fields group's borrowings at 31 December 2014, 2013 and 2012.
[2] Borrowings – JIBAR and LIBOR at 31 December 2014 adjusted by specific facility agreement between 4.00% and 5.22%.

Market risk

The Group is exposed to market risks, including foreign currency, commodity price, equity securities price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, the Group may enter into derivative financial instruments to manage some of these exposures.

Sensitivity analysis

The sensitivity analysis shows the effects of reasonable possible changes of relevant risk variables on profit and loss or shareholders' equity. The Group is exposed to commodity price, currency and interest rate risks. The effects are determined by relating the reasonable possible change in the risk variable to the balance of financial instruments at period end date.

The amounts generated from the sensitivity analyses are forward-looking estimates of market risks assuming certain adverse or favourable market conditions occur. Actual results in the future may differ materially from those projected results and therefore should not be considered a projection of likely future events and gains/losses.

Foreign currency sensitivity

General and policy

In the ordinary course of business, the Group enters into transactions, such as gold sales, denominated in foreign currencies, primarily US dollar. Although this exposes the Group to transaction and translation exposure from fluctuations in foreign currency exchange rates, the Group does not generally hedge this exposure, although it could be considered for significant expenditures based in foreign currency or those items which have long lead times to produce or deliver. Also, the Group on occasion undertakes currency hedging to take advantage of favourable short-term fluctuations in exchange rates when management believes exchange rates are at unsustainably high levels.

Currency risk only exists on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature. This includes but is not limited to financial guarantee (refer to note 22), Franco-Nevada liability (refer to note 30(b)(iii)) and Burnstone Debt (refer to note 30(c)).

Foreign currency hedging experience

As at 31 December 2014, 2013 and 2012 there were no material foreign currency contract positions.

Commodity price sensitivity

Gold

The market price of gold has a significant effect on the results of operations of the Group and the ability of the Group to pay dividends and undertake capital expenditures. The gold price has historically fluctuated widely and is affected by numerous industry factors over which the Group does not have any control. The aggregate effect of these factors on the gold price, all of which are beyond the control of the Group, is impossible for the Group to predict.

Commodity price hedging policy

Gold

As a general rule, the Group does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for future gold production. Gold hedging could, however, be considered in future under one or more of the following circumstances: to protect cash flows at times of significant capital expenditure; financing projects or to safeguard the viability of higher cost operations.

To the extent that it enters into commodity hedging arrangements, the Group seeks to use different counterparty banks consisting of local and international banks to spread risk. None of the counterparties is affiliated with, or related to parties of, the Group.

Commodity price hedging experience

As at 31 December 2014, 2013 and 2012 there were no commodity price contracts.

Interest rate sensitivity

General

As the Group has no significant interest-bearing assets. The Group's interest rate risk arises from long-term borrowings.

As of 31 December 2014, the Group's total borrowings amounted to R3,170.0 million (2013: R1,990.9 million and 2012: R4,220.0 million). The Group generally does not undertake any specific action to cover its exposure to interest rate risk, although it may do so in specific circumstances. Refer to note 30 for all the borrowings and the relevant interest rates per facility.

The portion of Sibanye's interest-bearing debt at period end that is exposed to interest rate fluctuations is R1,979.5 million (2013: R1,990.9 million and 2012: R4,220.0 million). This debt is normally rolled for periods between one and three months and is therefore exposed to the rate changes in this period.

R1 979.5 million (2013: R1,990.9 million and 2012: R4,220.0 million), the total debt exposed to interest rate fluctuations at the end of the period is exposed to changes in the JIBAR rate. The relevant interest rates for each facility are described in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

43. RISK MANAGEMENT ACTIVITIES (continued)

The table below summarises the effect of a change in finance expense on the Group's profit and loss had JIBAR differed as indicated. The analysis is based on the assumption that the applicable interest rate increased/decreased with all other variables held constant. All financial instruments with fixed interest rates that are carried at amortised cost are not subject to the interest rate sensitivity analysis.

Interest rate sensitivity analysis

Figures in million – SA rand	2014	2013	2012
Sensitivity to JIBAR interest rates			
Change in interest for a:			
1.5% Increase in JIBAR	**31.5**	54.6	20.9
1.0% Increase in JIBAR	**21.0**	36.4	13.9
0.5% Increase in JIBAR	**10.5**	18.2	7.0
0.5% Decrease in JIBAR	**(10.5)**	(18.2)	(7.0)
1.0% Decrease in JIBAR	**(21.0)**	(36.4)	(13.9)
1.5% Decrease in JIBAR	**(31.5)**	(54.6)	(20.9)

44. RELATED-PARTY TRANSACTIONS

Sibanye entered into related-party transactions with Rand Refinery, Gold Fields and its subsidiaries during the year as detailed below. The transactions with these related parties are generally conducted with terms comparable to transactions with third parties, however in certain circumstances such as related-party loans, the transactions were not at arm's length.

After the unbundling Gold Fields and its subsidiaries are no longer considered to be related parties of the Group, notwithstanding a transitional services agreement entered into before the unbundling.

Refer to the Remuneration Report on pages 154 to 159 for key management remuneration.

Rand Refinery

Rand Refinery, in which Sibanye holds a 33.1% interest, has an agreement with the Group whereby it refines all the Group's gold production. No dividends were received during the years ended 31 December 2014, 2013 and 2012. Refer to note 19 for the loan granted to Rand Refinery.

Gold Fields group

As indicated in the accounting policies, Sibanye was a wholly owned subsidiary of Gold Fields up to the unbundling date, thus transactions with the Gold Fields group prior to the unbundling, as well as transactions per the transitional services agreement that was entered into with the Gold Fields group prior to the unbundling to continue providing services up to a certain date after the unbundling are considered to be related party transactions.

Transactions that were related-party transactions up to the unbundling and per the transitional services agreement have ceased, been cancelled and settled. These services by the Group to Gold Fields and by Gold Fields Group Services Proprietary Limited (GFGS) to the Group included corporate functions and infrastructure support, purchasing, administration, security, training, medical, corporate communications, human resources and benefit management, treasury and finance, investor relations, corporate controller, internal audit, legal and tax advice, compliance regarding internal controls and information technology functions, on a transitional basis up to November 2013.

During 2012 and up to unbundling GFGS charged a management fee (corporate expenditure) relating to the provision of corporate services such as financial reporting, treasury, tax and legal services, secretarial, technical services and human resources. Corporate expenditure costs were determined based on the time spent by the Gold Fields corporate staff on providing the above mentioned services to the Group.

Refer to note 22 for details relating to the Gold Fields guarantee and fees received for the guarantee.

The table below details the transactions and balances between the Group and its related-parties:

Figures in million – SA rand	2014	2013	2012
Income from services rendered to Gold Fields group companies (refer to note 8)			
Administration services	–	33.2	69.6
Security services	–	34.2	28.9
Training services	–	16.0	14.8
Medical services	–	19.0	16.5
Expenditure			
Management fees paid to Gold Fields Group Services	–	(12.5)	(66.7)
Refining fees paid to Rand Refinery	**(30.6)**	(12.1)	(12.9)
Trade receivables from Gold Fields group companies			
Gold Fields Group Services	–	–	134.9
South Deep Mine	–	–	290.8
Gold Fields Ghana	–	–	59.2
Other Gold Fields group companies	–	–	63.2
Trade payables to Gold Fields group companies			
Gold Fields Group Services	–	–	(37.6)
Loans payable to Gold Fields group companies			
GFLMS Loan [1]	–	–	(17,108.0)
Loan receivable from other related-parties			
Rand Refinery	**384.6**	–	–

[1] This loan was unsecured, interest-free and had no fixed terms of repayment. Refer to note 1 where this loan was repaid as part of the unbundling.

45. CAPITAL MANAGEMENT

The Group's primary objective with regards to managing its capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that: optimises the cost of capital; maximises shareholders' returns; and ensures that the Group remains in a sound financial position.

There were no changes to the Group's overall capital management approach during the current year.

The Group manages and makes adjustments to the capital structure as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. Opportunities in the market are also monitored closely to ensure that the most efficient funding solutions are implemented.

The Group monitors capital using the ratio of net external debt to earnings (operating profit) before interest, taxes, depreciation and amortisation (EBITDA), but does not set absolute limits for this ratio. The Group is comfortable with a ratio of net debt to EBITDA of one times or lower.

Figures in million – SA rand	2014	2013	2012
Borrowings [1]	**2,035.6**	1,990.9	4,220.0
Cash and cash equivalents [2]	**529.6**	1,492.4	291.8
Net debt [3]	**1,506.0**	498.5	3,928.2
EBITDA [4]	**7,469.1**	7,357.9	5,729.7
Net debt to EBITDA (Ratio)	**0.20**	0.07	0.69

[1] Borrowings are only those borrowings that have recourse to Sibanye. Borrowings thus exclude the Burnstone Debt (refer to note 30). Borrowings at 31 December 2012 also excludes related-party loans.

[2] Cash and cash equivalents exclude cash of Burnstone.

[3] Net debt excludes Burnstone Debt, Burnstone cash and related-party loans.

[4] EBITDA is net operating profit before depreciation and amortisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
CONTINUED

46. LIQUIDITY

The Group's current liabilities exceeded its current assets by R1,630.1 million as at 31 December 2014. Current liabilities at 31 December 2014 include the financial guarantee liability of R197.0 million which does not reflect the true liquidity of Sibanye per se, as Sibanye believes that Gold Fields is currently in the position to meet its obligations under its US$1 billion 4.875% guaranteed notes.

The current portion of borrowings of R554.2 million includes the two semi-annual repayments due and payable in June and December 2015, respectively.

Sibanye generated cash from operating activities of R4.1 billion for the year ended 31 December 2014. If the acquisition related cash outflows during the year are added back to the cash from operating activities, the Group would have had R1.3 billion in additional cash on the statement of financial position, confirming the strong cash generating ability of the Group. Over and above the Group has committed unutilised debt facilities of R2.0 billion at 31 December 2014.

The Directors believe that the cash-generated by its operations and the remaining balance of the Group's revolving credit facility will enable the Group to continue to meet its obligations as they fall due.