

## ACQUISITIONS AND FUNDING MODEL



### FUTURE FOCUS

In 2016, the priority will be to conclude the transactions announced in 2015 but Sibanye will continue to assess opportunities to develop the business in a manner that enhances value for stakeholders and supports the dividend strategy. The near-term focus will include consolidation and growth in the sectors in which Sibanye is currently operating or expanding into as well as value-accretive growth into other commodity sectors.

Sibanye is in an excellent position to maintain the performance at existing operations and grow the Group through smart, value-accretive acquisitions.

### APPROACH

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

In this regard, in February 2014, Sibanye announced interest in participating in any potential restructuring in the South African platinum industry should there be opportunities for value creation in terms of earnings and cash flow on a per-share basis in the near to medium term.

The technical similarities between the tabular intermediate to deep, hard-rock mining in South African gold and platinum mines makes the platinum sector a natural extension for application of Sibanye's core mining competences. Sibanye's operating model, which has delivered an operational turnaround at its mature deep-level gold mining operations, can be applied to deliver similar value from platinum-mining operations.

Funding of acquisitions may be achieved through gearing, equity raising and internal cash generation.

### PERFORMANCE

#### RUSTENBURG MINING AND CONCENTRATING OPERATIONS

On 9 September 2015, the proposed acquisition of Anglo American Platinum's Rustenburg mining and concentrating operations was announced. In terms of the acquisition, Sibanye will acquire the Bathopele, Siphumelele (including Khomanani) and Thembelani (including Khuseleka) mining operations, two concentrating plants, an on-site chrome recovery plant, the Western Limb Tailings Retreatment Plant, associated surface infrastructure, and related assets and liabilities on a going-concern basis, including normalised levels of working capital.

Consistent with Sibanye's transformation objectives, a consortium of broad-based BBBEE stakeholders will be included in the transaction, which will result in Sibanye owning 74% of the Rustenburg Operations and the BBBEE stakeholders owning 26%.

The transaction represents a meaningful entry for Sibanye into the PGMs sector and secures annual production of PGMs (4E) of more than 800,000oz and a large high-quality resource of over 88Moz of PGMs (4E), which affords the potential for substantial LoM extensions and/or growth. The transaction is consistent with Sibanye's strategy to grow its business to enhance and sustain its position in paying an industry-leading dividend.

#### AQUARIUS

On 6 October 2015, Sibanye announced a cash offer for the entire issued share capital of Aquarius. The transaction has a strong strategic and financial rationale for Sibanye, both on a stand-alone basis and particularly when considered in conjunction with the proposed acquisition of the Rustenburg Operations.

Aquarius owns stakes in the Kroondal mine and the Platinum Mile retreatment facilities near Rustenburg in South Africa and, in a joint venture with Impala Platinum Holdings Limited, the Mimosa mine in Zimbabwe. The Aquarius operations are efficiently managed, mechanised and low-cost and would consolidate Sibanye's position in the South African PGM sector. There is potential to realise significant additional value by optimising inherent regional and operational synergies between Aquarius' Kroondal mine and the adjacent Rustenburg Operations. The transaction provides an entry point into Zimbabwe, which hosts the second largest platinum reserves in the world.

Aquarius is a significant primary producer of PGMs with attributable production of 349,426oz of PGMs (including 193,422oz of platinum) for its financial year ended 30 June 2015, attributable 4E reserves of 6.94Moz and attributable 4E resources (including reserves) of 15.71Moz as of 30 June 2015.

Through these transactions, Sibanye will become a leading global multi-commodity company predominantly active in the precious metals industry. Sibanye will be the eighth largest gold producer globally, the largest gold producer from South Africa and the fourth largest global PGM producer.